

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF SEELYVILLE

VIGO COUNTY, INDIANA

January 1, 2012 to December 31, 2013



**FILED**  
02/06/2015



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Connie Hinsenkamp (Vacant) Tracy L. Kiefling	01-01-12 to 10-14-14 10-15-14 to 11-09-14 11-10-14 to 12-31-15
President of the Town Council	Jerry Jones	01-01-12 to 12-31-14
Utility Office Manager	Tamara J. Caton	01-01-12 to 12-31-14



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE TOWN OF SEELYVILLE, VIGO COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Seelyville (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 and Audit Results and Comments 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 and should be viewed in conjunction with the Audit Results and Comments as described below.

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 Corrective Action Plan for the Federal Findings and Official Response to the Audit Results and Comments, incorporated within this report, were not verified for accuracy.

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

December 23, 2014

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CLERK-TREASURER  
TOWN OF SEELYVILLE

CLERK-TREASURER  
TOWN OF SEELYVILLE  
FEDERAL FINDINGS

***FINDING 2013-001 - INTERNAL CONTROLS AND COMPLIANCE  
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 material weaknesses:

1. **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, disbursements, payroll and related liabilities, and cash and investment balances. The Clerk-Treasurer posts the ledger and makes deposits. The Office Manager calculates and prepares bills and posts payments to utility customer accounts. The Office Manager and the Billing Clerk can do adjustments and adjustments are not reviewed and approved by the governing body. Bank accounts were not reconciled during the audit period. Numerous posting errors were made and were not detected because of the failure to reconcile. Posting errors included: items posted twice, checks and electronic funds transfers not posted, checks posted in the wrong amounts, incorrect check numbers, and checks marked void that cleared the bank. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.
2. **Preparing Financial Statement:** Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statement and then determining how those identified risks should be managed. The Clerk-Treasurer hired a third party to prepare and submit the Annual Financial Report. The report was not reviewed prior to submission. The information presented in the report is not supported by the Town's records. The ending fund balances for 2013 equal the bank statement balances at year end. The information in the Annual Financial Report is used to compile the financial statement. The General Ledger Report submitted by the Town for audit does not agree to the Fund Report printed from the same system and neither report agrees to the Annual Financial Report. The Town has not identified risks to the preparation of reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements, including notes to the financial statement.
3. **Monitoring of Controls:** Effective internal control over financial reporting requires the Town Council to monitor and assess the quality of the Town's system of internal control. The Town Council has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.

Although we were unable to audit the financial statement, we noted that the Water Construction Fund for 2012 and the Water Debt Reserve Fund were omitted from the financial statement. The results of these omissions are shown below:



CLERK-TREASURER  
TOWN OF SEELYVILLE  
FEDERAL FINDINGS  
(Continued)

Fund	Beginning Balance	Receipts	Disbursements	Ending Balance
2012:				
Water Construction Fund	\$ -	\$ 2,788,845	\$ 2,962,792	\$ (173,947)
Water Debt Reserve Fund	414,823	-	-	414,823
2013:				
Water Debt Reserve Fund	414,823	-	-	414,823

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)

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality 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."

**FINDING 2013-002 - INTERNAL CONTROLS AND COMPLIANCE OVER  
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 SEFA was prepared by the Clerk-Treasurer without proper oversight, review, or approval. 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.

Although we were unable to audit the SEFA, we noted the following errors: the Water and Waste Disposal Systems for Rural Communities was omitted from the schedule. Expenditures reported for Abandoned Mine Land Reclamation (AMLR) Program were understated. There were several omissions of identifying information such as the federal agency, identifying number, and CFDA number. The pass-through entity and program name were incorrectly identified. Audit adjustments were proposed, accepted by the Town, and made to the SEFA presented in this report.

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.

CLERK-TREASURER  
TOWN OF SEELYVILLE  
FEDERAL FINDINGS  
(Continued)

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)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

CLERK-TREASURER  
TOWN OF SEELYVILLE  
FEDERAL FINDINGS  
(Continued)

**FINDING 2013-003 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO ABANDONED MINE LAND RECLAMATION (AMLR) PROGRAM AND WATER AND WASTE DISPOSAL SYSTEMS FOR RURAL COMMUNITIES**

Federal Agency: Department of the Interior  
Federal Program: Abandoned Mine Land Reclamation (AMLR) Program  
CFDA Number: 15.252  
Federal Award Number and Year (or Other Identifying Number): EDS# E23-10-008151  
Pass-Through Entity: Nevins Township, Vigo County, Indiana

Federal Agency: Department of Agriculture  
Federal Program: Water and Waste Disposal Systems for Rural Communities  
CFDA Number: 10.760  
Federal Award Number and Year (or Other Identifying Number): Water Works, Series 2012  
Pass-Through Entity: Direct Grant

Management of the Town has not established an effective internal control system, which would include segregation of duties, related to the grant agreements and all of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements: Activities Allowed; Allowable Costs; Cash Management; Period of Availability; and Procurement and Suspension and Debarment for both programs and Reporting for Abandoned Mine Land Reclamation (AMLR) Program. The failure to establish an effective internal control system places the Town at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

The Town did not have grant files which contained grant agreements, correspondence with grantors regarding compliance requirements, contracts, or other grant documentation. Originally, the Clerk-Treasurer stated that there were no grant files, but eventually, a file was produced which included some "estimate of funds needed" forms, minutes of construction conferences, and bond documentation. The file was not complete. Documentation used to gain an understanding of the program was obtained from grantor agencies. The Town Council did not approve reports or funds requests. The ledger contained numerous posting errors which were not detected and corrected.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

CLERK-TREASURER  
TOWN OF SEELYVILLE  
FEDERAL FINDINGS  
(Continued)

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the Town.

We recommended that the Town's management establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.



# Town of Seelyville

A Centennial Community



## Corrective Action Plan

Tracy Kiefling Clerk-Treasurer

812-877-2665

Finding 2013-001

The plan of action for this problem is for the Clerk-Treasurer and Office Manager to work together by cross checking all accounts before being posted. The annual financial reports will be reviewed by both Office Manager and Clerk-Treasurer before submission. This action should alleviate posting errors.

Finding 2013-002

The plan of action for this problem is that the Town Manager and Clerk-Treasurer will work together with any and all scheduling of expenditures when dealing with Federal Grants to ensure accurate reporting.

Finding 2013-003

The plan of action for this problem is that the Town Manager and Clerk-Treasurer will work together with any and all grant funding files. Town Manager and Clerk-Treasurer will share all records that pertain to grant agreements, correspondence, contracts or any other grant documentation.

The anticipated action is to be started no later than 1-1-15. There are no current Federal Grant projects at this time.

  
\_\_\_\_\_  
Jerry L. Jones Council President

  
\_\_\_\_\_  
Tracy L. Kiefling Clerk-Treasurer

12/4/14  
\_\_\_\_\_  
Date

12-3-14  
\_\_\_\_\_  
Date

CLERK-TREASURER  
TOWN OF SEELYVILLE  
AUDIT RESULTS AND COMMENTS

**FINANCIAL REPORT OPINION MODIFICATIONS**

Bank reconciliations were not presented for audit. General Ledgers and Fund Reports were not consistent with each other or with the financial statements. Therefore, the Indiana State Board of Accounts was unable to provide an unmodified opinion on the Independent Accountant's Report for the financial statements.

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unmodified opinion on the Independent Auditors' Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**CONDITION OF RECORDS**

Financial records presented for audit contained a number of errors and deficiencies:

1. Bank accounts were not reconciled during the audit period. In attempting to determine outstanding checks, the following deficiencies were identified:
  - a. Checks posted on the check register did not always have the same check numbers as those that cleared the bank.
  - b. Some checks shown as "void" actually cleared the bank. Usually, there was a manual entry to repost the check.
  - c. There was more than one check being shown with the same check number in several instances.
  - d. Checks were not used in numerical order.
  - e. In at least three instances, manual entries were made to post checks or electronic fund transfers in incorrect amounts. The effect of these mispostings is \$13.
  - f. Check Number 25843 is marked void on the physical check which is in the check file, but not shown as void on the check register. The check amount was (\$600).
  - g. Two manual entries were made twice resulting in overstatement of disbursements of \$4,291.
  - h. There were checks and EFT withdrawals not posted in the amount of \$21,828.
  - i. In the Town's computerized accounting system, checks are posted to funds, but also to "banks" identified in the system, so that each bank account can be reconciled separately. There were several items that were posted to one "bank" account that were voided or corrected in a different "bank" account. The amount identified was \$391.
2. A payroll transfer was not made timely in May 2013, causing nonsufficient funds charges of \$68 to be assessed.

CLERK-TREASURER  
TOWN OF SEELYVILLE  
AUDIT RESULTS AND COMMENTS  
(Continued)

3. Of the 76 distributions from the Auditor of State, 25 were posted to incorrect funds and 4 additional distributions were posted twice, resulting in \$25,631 in incorrect postings. The double posting was identified and the second receipt was voided in 2014.
4. The beginning ledger balances for 2012 were the same as the beginning ledger balances for 2013.
5. The Fund Report obtained from the computer system did not match the General Ledger obtained from the same computer system.
6. There were significant variances between the General Ledger and the Annual Financial Report submitted by the Town in Gateway. The Annual Financial Report also omitted construction project transactions for 2012 of approximately \$2,700,000 in receipts and disbursements and omitted the Water Debt Reserve Fund.
7. The Schedule of Expenditures of Federal Awards omitted one program resulting in an understatement of \$2,351,000.
8. Employee pension payments were not always made to correct accounts. This caused some pensions to be over-remitted and some to be under-remitted. One employee had only one payment made into the account during the audit period. Payments were not made for this employee for a large portion of the period, but all other payments that were made were paid to the wrong vendor and put in another employee's account.
9. Payroll withholdings such as garnishments and IRA contributions were not made timely. In several instances, remittances for more than one payroll were made at the same time.
10. There were numerous posting errors such as: Town Marshal expenses paid from Water Utility-Operating fund, employee insurance not properly distributed to the funds, water employee training paid from the General fund, a disbursement written on a sewer check was posted to the General fund, fuel bill not properly allocated to funds, locksmith fees for water office charged to Motor Vehicle Highway fund, and several entries were made to void checks, but were made backwards, effectively posting them again.

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)

### ***BANK ACCOUNT RECONCILIATIONS***

Depository reconciliations of the fund balances to the bank account balances were not presented for audit for 23 months during the audit period. The Clerk-Treasurer did not prepare them, but presented instead a spreadsheet of daily deposits. On the bottom of the spreadsheet a summary of bank statement transactions was given.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

CLERK-TREASURER  
TOWN OF SEELYVILLE  
AUDIT RESULTS AND COMMENTS  
(Continued)

**ANNUAL FINANCIAL REPORTS**

The Annual Financial Reports for 2012 and 2013 were not filed electronically until July 15, 2013, and March 4, 2014, respectively.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality 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."

**PENALTIES, INTEREST, AND OTHER CHARGES**

The Town paid penalties, interest, and other charges to the Indiana Department of Revenue in the amount of \$146 because the Town did not remit payments on a timely basis.

In addition, the following items were noted: the tax deposit for April 13, 2012, was not made until July 26, 2012; a tax deposit for the fourth quarter of 2011 was not made until August 3, 2012; there were five other deposits that were less than 30 days late; and the fourth quarter of 2012 and the first quarter of 2013 IRS Form 941 were filed 20 and 40 days late, respectively. The Indiana Department of Workforce Development Form UI-3/40 for the third quarter of 2012 was filed 67 days late.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**COMPENSATION AND BENEFITS**

Compensation and benefits were included in the W-2 wages for one employee that are not shown on the earnings record. There is no documentation for how the \$810 was calculated or why it was included on the W-2. W-2s were generated from the computer system, but the total of the gross wages shown on the checks did not match the amount reported on the W-2.

Connie Hinsenkamp, former Clerk-Treasurer, received short-term disability insurance coverage in 2013, but ceased withholding of the premium for the insurance from her paycheck in August. Insurance premiums that were not withheld total \$155. The Town should request repayment of this amount.



CLERK-TREASURER  
TOWN OF SEELYVILLE  
AUDIT RESULTS AND COMMENTS  
(Continued)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***UTILITY RECEIPTS TAX***

There is no evidence that the Water Utility filed Utility Receipts Tax returns to the Indiana Department of Revenue for 2011, 2012, or 2013. Since the returns were not filed, the balance due or amount to be refunded has not been calculated.

Generally, retail receipts from all utility services consumed within Indiana are subject to the utility receipts tax regardless of the point of generation or transmission across state lines. Receipts from the provision of mobile telecommunication service are subject to utility receipts tax to the extent that the receipts are sourced to Indiana pursuant to Indiana Code 6-8.1-15. However, gross receipts received by a political subdivision for sewage and sewage service are not subject to the tax.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***ERRORS ON CLAIMS***

A test of claims identified the following deficiencies:

1. Of the claims tested, 20 percent did not have Board approval. This error resulted in \$863 of expenditures which did not have Board approval.
2. Of the claims tested, 13 percent did not have adequate supporting documentation. This error resulted in \$2,170 of expenditures which did not have adequate supporting documentation.
3. Of the claims tested, one claim had an incorrect computation of the allocation to various departments. The allocation error resulted in an overpayment of \$10.

CLERK-TREASURER  
TOWN OF SEELYVILLE  
AUDIT RESULTS AND COMMENTS  
(Continued)

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:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (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."

**APPROPRIATIONS**

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
General	2012	<u>\$ 32,238</u>

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

**RECEIPT ISSUANCE**

We conducted a test designed to verify that receipts were issued at the time the transactions occurred. Our test of this procedure found that 80 percent of the receipts tested were not issued at the time of the transactions.

The test also found 40 percent of the receipts tested did not identify whether the receipts were check or cash. An additional 20 percent had amounts of cash and check shown, but amounts were taken from the deposit slip and, therefore, not reliable for testing of intact deposits.

CLERK-TREASURER  
TOWN OF SEELYVILLE  
AUDIT RESULTS AND COMMENTS  
(Continued)

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Former Clerk Treasurer's Response to:  
"TOWN OF SEELYVILLE AUDIT RESULTS AND COMMENTS"  
December 26, 2014  
"FINANCAL REPORT OPINION MODIFICATIONS"

Spreadsheets, used for reconciling the bank accounts were submitted to the auditor at the beginning of the audit. What I presented was all I knew to do to balance the bank accounts. I had no training as to what should be done. I tried to hire HR Unlimited (a company used by many Towns for help with training a new Clerk Treasurers), but the Town Council refused.

"CONDITION OF RECORDS"

1. When starting my position on Jan. 1, 2012, I had no one to train me or instruct me how everything should be done, so I did what I knew to do. I balanced the accounts using deposits, disbursements, and taking into consideration the outstanding checks, and balanced to the bank statement balances. This was due to lack of training. I tried to hire HR Unlimited (a company used by many Towns for help with training a new Clerk Treasurers), but the Town Council refused.

a. I got a new printer and found that sometimes the checks were printed in reverse order. All checks were printed and the people were paid, and I made note on the Claim Registers. Again, with no one to train me I thought that would be ok.

b. With no know knowledge that voiding a check in the manual entries actually did not void the check I did this several times. My software program, Computrain, was not the easiest to use. This was due to lack of training. I tried to hire HR Unlimited (a company used by many Towns for help with training a new Clerk Treasurers), but the Town Council refused.

c. Again, the software did not always put in the correct check number. When I called Computrain, they would tell me what to do, but their personnel turned over regularly, and I found late that I was not always told how to correct items correctly. I was given no opportunity to have formal training by Computrain.

d. I had opened what I thought was the next box of checks and found that they were not actually the next ones. There was one instance that I had to order checks and the checks were in reverse order, so I had to watch that I reversed the stack before using, I did not catch all of these. But made note on the claim registers.

e. The posting of incorrect amounts on manual entries of \$12.55 was just human error. I tried to always double check amounts. Many times in 2012 I did not know what the EFT amounts were until I received the Bank Statements, I then made the manual entries needed.

f. I believe this was for an invoice from Brenntag that was for a container deposit credit. I was sure that I did a manual entry to void this check; but again, I did not realize that

when doing a manual entry to void the check, did not actually void it in the system. I marked the check 'VOID'. This was due to lack of training on the software.

g. Because of no training from Computrain, I know that I probably did make mistakes, but tried to catch each of them. It was hard to tell when balancing at the end of each month because the reports that were printed (General Ledger and Fund Report) NEVER balanced from day one. This was attested by the accounting firm the Town used, Umbaugh and Assoc. in Indianapolis, IN.

h. In the beginning (2012) I was not trained by Computrain or how the SBOA wanted things posted. I tried to hire HR Unlimited (a company used by many Towns for help with training a new Clerk Treasurers), but the Town Council refused. I complained to the Council numerous times in the open meetings that I felt that we should look at another software program.

i. These errors were because of improper training. I tried to hire HR Unlimited (a company used by many Towns for help with training a new Clerk Treasurers), but the Town Council refused. I did ask another 'seasoned' Clerk Treasurer to help me, but they were not knowledgeable of the Computrain software. In fact, there were very few Towns that used Computrain.

2. I had dropped off the deposit transfer and thought that it would be done in time; it was not. I, at that time went to bank and set up online transfers so it could be done immediately after writing checks. This was done from that time forward.

3. The posting to incorrect funds and distributions that were incorrectly posted were due to lack of training. When I found out that they were not right I corrected in 2014. Again, this was due to lack of training in the duties of a Clerk Treasurer. I asked the Council if I could hire HR Unlimited (a company used by many Towns for help with training a new Clerk Treasurers), but the Town Council refused.

4. I did not know that at the end of the year I had to 'manually' put the balances in. With no Computrain training, and their personnel changing frequently, I was not aware of this until I started talking to Umbaugh, and their representative pointed it out. Computrain said it was too late in the year to make any changes, the previous year had already been closed out and current year started. Until Computrain hired a 'good' representative, in 2013, I did not know how to correctly end the year and start the new year balances. Therefore, 2014 was the only year that started with correct balances (to my knowledge).

5. As I have stated, from the very beginning, Computrain's General Ledger and Fund Report never matched, it was brought to the Town Council's attention MANY times; I, as Clerk Treasurer, requested to look into another software company, but "The Town Council of Seelyville was happy with the software company, Computrain." (Town Council, Town Council Meeting in 2013). This inconsistency was also stated to the Town by the accounting firm, Umbaugh.

6. The 2012 annual report was prepared by the accounting firm, Umbaugh. Since the current Clerk Treasurer had just taken office and had no training, the Clerk Treasurer hired them to do the annual reports for 2012 to 2014. They also assisted in submitting the Town of Seelyville's Budgets in 2012 and 2013 in Gateway.

7. The Clerk Treasurer was sure the accounting firm, Umbaugh, did this report, and anything else needed for the Nevins Project. She did not receive any training on how the reports were to be done for this project. At the monthly Nevins Project meetings I was given a form signed by HWC, RD, and Town Manager of Seelyville to pay from. I did not know I was to have additional documentation attached.

8. When starting my position, I was not aware that all of the employees' retirement accounts were not enrolled with the same company. I was never notified by the employee (that her account was short or that his account was over). I finally called our broker and he told me because of health reasons she was not approved by Midland and her retirement was with TD Ameritrade. At that time he said he would take care of it and I paid TD Ameritrade from that time on for her retirement. She happened to be the one that showed me the first week of my employment how to pay those funds, and I was not instructed to pay them differently.

9. I talked to Love Financial (Broker) and they said that sending them by pay or month was ok. The child support garnishments were usually paid the next day, but I was never told that they could not be sent once a month. I had never seen any of the original documentation on the garnishment. It was set up before I took office.

10. These posting errors were because of being a new Clerk Treasurer, no training from Computrain, and no training on SBOA procedures. I tried to hire HR Unlimited (a company used by many Towns for help with training a new Clerk Treasurers), but the Town Council refused.

#### “BANK ACCOUNT RECONCILIATIONS”

I was not aware that the bank reconciliations could not be done on a spreadsheet. Because of being newly elected and not having any training, I did what a 'seasoned' Clerk Treasurer advised me to do. I balanced them and also wrote on the envelopes of the bank statements (like the past clerk treasurer had done) what the beginning balance, deposits, disbursements, and ending balances was. I also included the adjustments and O/S checks. With no training, I just did what the past Clerk had done, but added a spreadsheet with individual daily deposits recorded with other pertinent information, such as names, addresses of consumer deposits, and tap fee names and addresses (for the Nevins Project). This, again, was because of lack of training. I tried to hire HR Unlimited (a company used by many Towns for help with training a new Clerk Treasurers), but the Town Council refused. They were going to help me set up a bank reconciliation form because Computrain's was not accurate.

#### “ANNUAL REPORTS”

I had just taken office in 2012 and did not know how to do annual report, so I hired Umbaugh to assist. They did the annual report for 2012, 2013, and 2014. We had many problems because

Computrain reports for General Ledger and Fund Report did not balance. Being new, I worked closely with Umbaugh to get the 2012 report done on time, but it did not happen, because Computrain had employee turnover, again, and it was hard for us to use reports that did not balance to prepare report. In 2013 we had fewer problems, but it was a day late (60 days from 12-31-12).

#### “PENALTIES, INTEREST, AND OTHER CHARGES”

This was, again, because of lack of training. I did not realize that the deposits had to be sent in AND filed electronically. I was not trained and had to try to learn, by asking question, and I was not always told correctly.

The tax deposit for 2011 was paid by the past clerk treasurer, and I notified the Town Council by letter as soon as I was aware of it (after receiving a letter from the IRSD). I sent a letter to the Council, and Town Attorney, Richard Shagley II, and gave them the letter and information. I asked that the past clerk treasure repay the penalties and interest. Almost a year later the past clerk-treasurer paid the penalties, but never paid the interest of over \$400. I notified the Town Attorney that the IRS sent me a letter stating that they took the interest amount from an overpayment made. I stated this did not release her of her responsibility of reimbursing the Town for said amounts. I heard nothing again from either the Council or the Attorney concerning her repayment. The tax payment for July 26, 2012 I though was paid. As soon as I found it wasn't I called them and got it taken care of. It was just human error. At that point I set up a better system for paying on time.

In 2012 I was not even aware I was to do form UI-3/40 for the Workforce Development. Again, this was because of the lack of training.

#### “COMPENSATION AND BENEFITS”

The Compensation for the employee was the income for a 'take-home-vehicle' I had called Computrain and asked them how to include it in his W-2. They said they took care of it. I told them \$3 a day. I had never done W-2's with their program, so I left it up to them. I learned not to do that, but too late.

As per, the Summary Judgment of Vigo County Courts in 2013 the Town was to supply the clerk treasurer health, short-term and long-term disability, and life insurance (as per the salary ordinance). The Town tried to get it from their carrier (Guardian). Because Ms. Hinsenkamp has Multiple Sclerosis they would not give her either disability or life insurance. Since Ms. Hinsenkamp already had AFLAC short-term disability and would not have to be approved her attorney told her that she could just have the Town pay her premium since the Judgment said she was to receive it and they did try to get it (showing they had the intention of giving it to her), so at that time she no longer took it from her pay, but the Town paid the premium. The Town received a distribution Register every month and they also signed the claim for the AFLAC premium, so they when approving and reviewing these reports they made themselves aware of it. Nothing was EVER said about stopping it, and they signed off on the claims.

## “UTILITY RECEIPTS TAX’

The Office Manager gave me the quarterly amount to pay with the coupon. I did this. I thought she was filing the report, since she had all of the Utility records and gave me the coupon to pay. I had no control over the Utility revenue. I did not collect or bill any utilities. Any penalties or interest should be the Office Manager’s responsibility because it was made VERY clear in the Summary Judgment of Vigo County (2013) that the Clerk Treasure had NO responsibility for the utilities of the Town of Seelyville.

## “ERRORS ON CLAIMS”

1. For the past “17 years” (approximately) the Council did not approve claims in an open meeting (personal deposition of J. Jones and J. Wade, 2013). Every month I would take a Claim Register and the individual claims to the Town Council Meeting and until May 2012 the Council never signed claims or the Claim Register. The policy of the Town was that the Town Manager would review the invoices, sign off on them, and give to the Clerk-Treasurer to be paid. She was to pay anything he had initialed. This happened all month. Then when it was time for the public Town Council Meeting, I would present the Claim register and the individual Claims for them to sign. If there were any claims that the Town Manager had not initialed, I would hold those checks and send only after the Council signed the claim. If the claim was not signed, I did not send (example: some Taft Law invoices, and some to Ms. Hinsenkamp).

2. I was not aware that if I paid a bill out of three funds (general, sewer, and water) that I should copy all documentation and put on each claim. I noted on for example the sewer and general claim to “see claim XXXX, for documentation”.

3. I can only say it was human error, not intentional.

## “APPROPIATIONS”

I was not aware that I was to do an additional appropriation in 2012 for the excess of \$32,238 from General fund (ARC Schedule). Town Council was aware of these amounts when preparing for Budget and did not bring it to my attention. A matter of a lack of training; I tried to hire HR Unlimited (a company used by many Towns for help with training a new Clerk Treasurers), but the Town Council refused.

## “RECEIPT ISSUANCE”

Lack of training and not being able to hire a consultant to help me with SBOA procedures is the reason I did not know that I could not post the receipts monthly or weekly. Also, the Software, Computrain, was not ‘real time’. Many times, after receiving the bank statement I realized that the Utility Office did not include an EFT or other deposit with deposit receipt given to me so I had to post the receipt. If it was after I received the Bank Statement, it would be after the EOM and it would not post the receipt in the correct month. I was also told by past clerk that it made no difference if I recorded it as check or cash. When I received the deposit slips from the



Utility office there was never a breakdown of cash or checks on individual deposits. I requested this information from the Utility Office Manager MANY times and was told that would not happen. A matter of a lack of training; I tried to hire HR Unlimited (a company used by many Towns for help with training a new Clerk Treasurers), but the Town Council refused.

Former Clerk Treasurer's Response to:  
"TOWN OF SEELYVILLE SCHEDULE OF FINDINGS AND QUESTIONED COSTS"  
December 27, 2014

Section II – Financial Statement Findings

**Finding 2013-001," INTERNAL CONTROLS AND COMPLIANCE OVER FINANCIAL TRANSACTIONS AND REPORTING"**

1. The Office Manager, not the Clerk-Treasurer, has the control of the collection and billing of the Utilities for the Town of Seelyville. This was made very clear in the Vigo County Summary Judgment on August 2013.

The bank reconciliations were done to the best of the new clerk treasurer's knowledge. The software (Computrain) did not offer any formal training, and they experienced employee turnover several times. The clerk Treasurer wanted to hire HR Unlimited (a consulting company that many Indiana Towns use to train new clerk treasurers), but the Town Council refused. The clerk treasurer did the bank reconciliations like the past clerk treasurer had done (on the bank statement envelope) with the addition of a spreadsheet showing individual deposits, names, addresses, etc. for all deposits in all checking accounts. The incorrect check numbers were due to having a new printer and it printing in the reverse order.; posting errors were because of human error and not being trained; some posted twice because not aware that software would not 'void' an entry when a manual entry was done. I tried to hire HR Unlimited (a company used by many Towns for help with training a new Clerk Treasurers), but the Town Council refused. With proper training from a consultant and Computrain would have helped the clerk treasurer be more accurate. The Council never 'signed off' on the bank reconciliation because the clerk treasure did not know that was to be done; past clerk did not have them initial her reconciliations. The Town Council did not work with the Clerk Treasurer after she felt the need to terminate the Office Manager (past clerk treasurer) on February 2, 2012, and the rehired her the same day.

2. The Clerk Treasurer hired a third party accounting firm, Umbaugh, to do the annual reports for 2012 – 2014. The Computrain general ledger and fund reports were printed and sent to them. Both the clerk and Umbaugh were aware that these reports did not balance, but used what clerk treasurer thought was correct. In 2012 and 2013 she was assisted by another 'seasoned' clerk treasurer because being new, she had no idea what to do. The clerk treasurer asked the Council many times to change software programs, and they stated, "They had no problem with Computrain"; they were not trying to get accounts to balance.

Since the financial report (annual report) was done by Umbaugh, the omission of the water construction project transactions for 2012 and the Water Debt Reserve was an error they should have caught. The new clerk started Jan 1, 2012 and was not given the information for the monies taken in before her term began.

**FINDING 2013-002, ‘INTERNAL CONTROLS AND COMPLIANCE OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS’**

When the Nevins project started there was no formal training on the receipting or disbursement policies of the RD and DNR monies. The Clerk was given a pay ap that had been signed by the Engineering firm, the RD representative and the Town of Seelyville representative. The Clerk was then to pay the vendors the amounts listed. If it was to be paid from the DNR monies she would wait until the Nevins Township Trustee would contact her that they had received the monies and then the Seelyville Clerk Treasurer would call the bank and have the monies transferred from Nevins account to the Town of Seelyville Construction account. The Clerk would then pay the vendors the listed amounts. The supporting documentation went to someone else. The Clerk Treasurer had never dealt with this type of receipts/expenditures before so did what she was told to do. Clerk did not know to do anything else.

Former Clerk Treasurer's Response to:  
"TOWN OF SEELYVILLE SCHEDULE OF FINDINGS AND QUESTIONED COSTS"  
December 27, 2014

Section III – Federal Award Findings and Questioned Costs

**FINDING 2013-003, "INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO ABANDONED MINE LAND RECLAMATION (AMLR) PROGRAM AND WATER AND WASTE DISPOSAL SYSTEMS FOR RURAL COMMUNITIES"**

When the Clerk Treasurer took office the Nevins Project was already underway. There was no formal training given the Clerk Treasurer as to what the policies and procedures for receipting and disbursing the monies given the Town of Seelyville for the Nevins Project.

The Clerk Treasurer was not given any of the original grant files. The engineering company and the accounting firm had all of the documentation. The engineering firm assisted the auditor with that information.

Every month the engineer from HWC would attend the open Town Council/Water Works meeting for the Town of Seelyville and present the pay apps to be paid. They had been approved by the engineer, and the Town Council would then approve the amounts. The actual 'pay ap.' would then be brought to the Nevins Project Meeting the next day. This sheet of paper would be given to the Town of Seelyville Clerk Treasurer would know what vendors were to be paid. She would then write the checks and enter into the computer. In the beginning she was not aware that Computrain had a project section of the program. When the Clerk asked Computrain how to use that section, she was told that because it was not used from the beginning it would be too difficult to do it now.

The Council never instituted a control system, including segregation of duties, etc.

CLERK-TREASURER  
TOWN OF SEELYVILLE  
EXIT CONFERENCE

The contents of this report were discussed on December 23, 2014, with Connie Hinsenkamp, former Clerk-Treasurer; Tracy Kiefling, Clerk-Treasurer; Jerry Jones, President of the Town Council, Tamara J. Caton, Office Manager; and Richard Shagley II, Attorney.

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TOWN COUNCIL  
TOWN OF SEELYVILLE

TOWN COUNCIL  
TOWN OF SEELYVILLE  
FEDERAL FINDINGS

***FINDING 2013-001 - INTERNAL CONTROLS AND COMPLIANCE  
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 material weaknesses:

1. 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, disbursements, payroll and related liabilities, and cash and investment balances. The Clerk-Treasurer posts the ledger and makes deposits. The Office Manager calculates and prepares bills and posts payments to utility customer accounts. The Office Manager and the Billing Clerk can do adjustments and adjustments are not reviewed and approved by the governing body. Bank accounts were not reconciled during the audit period. Numerous posting errors were made and were not detected because of the failure to reconcile. Posting errors included: items posted twice, checks and electronic funds transfers not posted, checks posted in the wrong amounts, incorrect check numbers, and checks marked void that cleared the bank. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.
2. Preparing Financial Statement: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statement and then determining how those identified risks should be managed. The Clerk-Treasurer hired a third party to prepare and submit the Annual Financial Report. The report was not reviewed prior to submission. The information presented in the report is not supported by the Town's records. The ending fund balances for 2013 equal the bank statement balances at year end. The information in the Annual Financial Report is used to compile the financial statement. The General Ledger Report submitted by the Town for audit does not agree to the Fund Report printed from the same system and neither report agrees to the Annual Financial Report. The Town has not identified risks to the preparation of reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements, including notes to the financial statement.
3. Monitoring of Controls: Effective internal control over financial reporting requires the Town Council to monitor and assess the quality of the Town's system of internal control. The Town Council has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.

Although we were unable to audit the financial statement, we noted that the Water Construction Fund for 2012 and the Water Debt Reserve Fund were omitted from the financial statement. The results of these omissions are shown below:



TOWN COUNCIL  
TOWN OF SEELYVILLE  
FEDERAL FINDINGS  
(Continued)

Fund	Beginning Balance	Receipts	Disbursements	Ending Balance
2012:				
Water Construction Fund	\$ -	\$ 2,788,845	\$ 2,962,792	\$ (173,947)
Water Debt Reserve Fund	414,823	-	-	414,823
2013:				
Water Debt Reserve Fund	414,823	-	-	414,823

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)

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality 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."

**FINDING 2013-002 - INTERNAL CONTROLS AND COMPLIANCE OVER  
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 SEFA was prepared by the Clerk-Treasurer without proper oversight, review, or approval. 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.

Although we were unable to audit the SEFA, we noted the following errors: the Water and Waste Disposal Systems for Rural Communities was omitted from the schedule. Expenditures reported for Abandoned Mine Land Reclamation (AMLR) Program were understated. There were several omissions of identifying information such as the federal agency, identifying number, and CFDA number. The pass-through entity and program name were incorrectly identified. Audit adjustments were proposed, accepted by the Town, and made to the SEFA presented in this report.

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.

TOWN COUNCIL  
TOWN OF SEELYVILLE  
FEDERAL FINDINGS  
(Continued)

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)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."



# Town of Seelyville

A Centennial Community



## Corrective Action Plan

Tracy Kiefling Clerk-Treasurer

812-877-2665

Finding 2013-001

The plan of action for this problem is for the Clerk-Treasurer and Office Manager to work together by cross checking all accounts before being posted. The annual financial reports will be reviewed by both Office Manager and Clerk-Treasurer before submission. This action should alleviate posting errors.

Finding 2013-002

The plan of action for this problem is that the Town Manager and Clerk-Treasurer will work together with any and all scheduling of expenditures when dealing with Federal Grants to ensure accurate reporting.

Finding 2013-003

The plan of action for this problem is that the Town Manager and Clerk-Treasurer will work together with any and all grant funding files. Town Manager and Clerk-Treasurer will share all records that pertain to grant agreements, correspondence, contracts or any other grant documentation.

The anticipated action is to be started no later than 1-1-15. There are no current Federal Grant projects at this time.

  
\_\_\_\_\_  
Jerry L. Jones Council President

  
\_\_\_\_\_  
Tracy L. Kiefling Clerk-Treasurer

12/4/14  
\_\_\_\_\_  
Date

12-3-14  
\_\_\_\_\_  
Date



# Town of Seelyville

## A Centennial Community



January 5, 2015

Sometimes in life, we encounter situations that we know aren't right. Sometimes we have the power to make a difference, but not always.

How do you force someone to provide reliable account balances, or maintain adequate records? If you owned a company, and the person you hired to pay your bills and do your bookkeeping took steps to change the mailing address of your company, and removed all business equipment and data from your premises and decided to work from home, that person would likely be terminated. When that person is an elected official, you don't have those same options. If you have an employee who is not performing adequately, there are steps to take to help the employee's performance improve, or to replace the employee if needed. But when that person is an elected official, accountable only to the electorate, those same options do not exist.

As this audit has shown, there have been problems in Seelyville. Problems with record keeping, accounting, bill paying, and report filing, just to name a few. Although the Seelyville Town Council was aware there were problems, we lacked the power to enforce proper procedures. We requested an audit to help determine the scope of the problems. Even the State Board of Accounts Field Examiner noted that when an elected official is not performing his or her job duties properly, it's nearly impossible to hold that person accountable.

There is something to be learned from every audit, and this one has given us some areas to work on as well. We are not using the prescribed State Board of Accounts form, so we need to get our form approved or switch to the prescribed form. We can rectify that. We need a written policy on refunding consumer deposits. That can be readily accomplished. We are in the process of having our financial records reviewed and corrected so bank accounts can be reconciled. We look forward to being able to file reports in a timely manner. We anticipate our next audit will show marked improvement!

A handwritten signature in black ink, appearing to read "Jerry L. Jones".

Jerry L. Jones

President, Seelyville Town Council

TOWN COUNCIL  
TOWN OF SEELYVILLE  
EXIT CONFERENCE

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