

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF NEW CHICAGO

LAKE COUNTY, INDIANA

January 1, 2012 to December 31, 2013



FILED
04/10/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lori L. Reno	01-01-12 to 12-31-15
President of the Town Council	Laurie Robbins Pam Richard	01-01-12 to 12-31-13 01-01-14 to 12-31-15
Manager of Utilities	Esta A. Barber	01-01-10 to 12-31-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF NEW CHICAGO, LAKE COUNTY, INDIANA

This report is supplemental to our audit report of the Town of New Chicago (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/.

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

January 22, 2015

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CLERK-TREASURER
TOWN OF NEW CHICAGO

CLERK-TREASURER
TOWN OF NEW CHICAGO
FEDERAL FINDINGS

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

We noted deficiencies in the internal control system of the Town related to financial transactions and reporting. 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 Town has not identified risks to the preparation of a 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.

The Clerk-Treasurer is required to report all financial information in the Annual Financial Report. This information is used to compile the financial statement. The Town has not established effective controls to allow for the proper reporting of the Town's receipts and disbursements transactions and cash and investment balances. Reconciled trust and bank account balances were not verified by management which allowed material misstatements in the original financial statement. We consider these deficiencies to be material weaknesses. The financial statement presented for audit included the following omissions:

1. One trust fund related to public improvement projects funded by the State Revolving Loan fund was omitted for 2012. This fund was also not in the Town's records and included receipts of \$6,012,617, disbursements of \$295,267 and an ending cash and investments balance of \$5,717,350.
2. One trust fund related to public improvement projects funded by the State Revolving Loan fund was omitted for 2013. This fund was also not in the Town's records and included receipts of \$443,410, disbursements of \$4,096,962 and an ending cash and investments balance of \$2,063,798.

Audit adjustments were proposed, accepted by the Town, and made to the Town's financial statement 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.

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) state:

"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."

CLERK-TREASURER
TOWN OF NEW CHICAGO
FEDERAL FINDINGS
(Continued)

**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 controls in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Clerk-Treasurer prepares the SEFA without 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 an effective system of internal control in place, material misstatements of the SEFA could remain undetected.

In failing to establish controls to effectively identify, manage, and report federal financial assistance, the Town materially misrepresented the federal assistance expended in 2012 and 2013. The Town failed to report Capitalization Grants for Clean Water State Revolving Funds federal expenditures which were passed through the Indiana Finance Authority in the amount of \$145,685 and \$1,652,594 for 2012 and 2013, respectively.

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.

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 in part:

"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.

CLERK-TREASURER
TOWN OF NEW CHICAGO
FEDERAL FINDINGS
(Continued)

- (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.

FINDING 2013-003 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS

We noted deficiencies in the internal control system of the Town related to financial transactions. 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 and reconcilements of the cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. We believe the following deficiencies constitute material weaknesses:

Receipts

The Clerk-Treasurer receives the daily collections for sanitation, sanitary sewer, and storm water from the Water Utility. She prepares the deposit in a locked bank bag for these funds, records the collections in the ledger, and reconciles the ledger to the depository accounts.

For other Town funds, the Clerk-Treasurer issues receipts for collections, records the receipts in the ledger, prepares the bank deposit, and reconciles the ledger to the depository balance. There is no segregation of duties such as an oversight or review process.

Water Utility receipts are recorded to the ledger based on the amount of the deposit. Actual collections and/or daily collection summary reports from the computerized billing and collection software are not used. Therefore, actual receipts, including overages and shortages are not accurately recorded.

Disbursements

Vendor checks, other than for the Water Utility disbursements, are printed, signed, and distributed by the Clerk-Treasurer. The Clerk-Treasurer also records the disbursements and reconciles the ledgers to the depository balance. There is no segregation of duties such as an oversight or review process.

Payroll checks are printed, signed, and distributed by the Clerk-Treasurer. The Clerk-Treasurer also records the disbursements and reconciles the ledgers to the depository balance. There is no segregation of duties such as an oversight or review process.

Cash and Investments/Reconcilements

Reconcilements of the ledger balance to the depository balances are performed exclusively by the Clerk-Treasurer. There is no segregation of duties such as an oversight, review, or approval process.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material misstatements of the financial statement 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 ensuring proper oversight, reviews, and approvals take place and having 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.

CLERK-TREASURER
TOWN OF NEW CHICAGO
FEDERAL FINDINGS
(Continued)

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 2013-004 - INTERNAL CONTROLS OVER CAPITALIZATION
GRANTS FOR DRINKING WATER STATE REVOLVING FUNDS**

Federal Agency: Environmental Protection Agency
Federal Program: Capitalization Grants for Clean Drinking Water State Revolving Funds
CFDA Number: 66.468
Federal Award Number: DW12054501
Pass-Through Entity: Indiana Finance Authority

Management of the Town has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and some of the compliance requirements that have a direct and material effect on the program. This includes the following compliance requirements: Procurement and Suspension and Debarment, Reporting, Davis-Bacon Act, and Period of Availability. 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.

Procurement

The Town does not have a formal purchasing policy. Officials relied on the project engineer to comply with applicable state and federal procurement requirements. There is no segregation of duties such as an oversight or review process of the engineer's procedures.

Suspension and Debarment

The Town did not have procedures in place to ensure that the Suspension and Debarment clause was included in the contract with the vendor. Town officials were not aware of Suspension and Debarment requirements.

Reporting

After claims are approved by the Town Council, the Clerk-Treasurer prepares the SRF Disbursement Request Form to submit to the Indiana Finance Authority for recommendation of payment to the contractors and vendors. The disbursement request is not reviewed by anyone other than the Clerk-Treasurer before the request is submitted. There is no segregation of duties such as an oversight, review, or approval process over the reporting of program expenditures.

CLERK-TREASURER
TOWN OF NEW CHICAGO
FEDERAL FINDINGS
(Continued)

Davis-Bacon Act

The Town did not have controls in place to ensure that the Davis-Bacon Act requirements were included in the contract for the project financed with the grant. In addition, a consultant was hired to monitor compliance with the Davis-Bacon Act labor standards. The Town had no procedures in place to monitor the work of the consultant to ensure compliance with the Davis-Bacon Act requirements.

Period of Availability

The Town conducts regular meetings with the project engineer to receive updates on the status of the project financed by the grant. While the Town is effectively monitoring the construction progress and time-lines; there were no controls in place to ensure that the grant funds were spent within the two year period of availability.

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."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect on 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 the compliance requirements noted above that have a direct and material effect on the program.

FINDING 2013-005 - DAVIS-BACON ACT

Federal Agency: Environmental Protection Agency
Federal Program: Capitalization Grants for Drinking Water State Revolving Funds (SRF)
CFDA Number: 66.468
Federal Award Number: DW12054501
Pass-Through Entity: Indiana Finance Authority

Public works projects financed with SRF funds require the Town to comply with the Davis-Bacon Act. The Prevailing Wage Clause required in the Davis-Bacon Act was not included in the contract with the construction contractor. However, prevailing wage rate sheets listing the county and the prevailing wages for positions were attached to the contract.

CLERK-TREASURER
TOWN OF NEW CHICAGO
FEDERAL FINDINGS
(Continued)

The Davis-Bacon Act also requires that certified payrolls from all contractors and subcontractors be submitted to the Town weekly. The certified payrolls for the project were not complete. One subcontractor, with a contract for \$27,900, did not submit certified payrolls.

40 CFR 35.938-8 Required construction contract provisions states: "Each construction contract must include the 'Supplemental General Conditions' set forth in appendix C-2 to this subpart."

Appendix C-2 to Subpart E of Part 35—Required Provisions—Construction Contracts, Supplemental General Conditions, 8. Labor Standards, state in part:

"The contractor agrees that 'construction' work (as defined by the Secretary of Labor) shall be subject to the following labor standards provisions, to the extent applicable:

(a) Davis-Bacon Act (40 U.S.C. 276a—276a-7) . . .

and implementing rules, regulations, and relevant orders of the Secretary of Labor or EPA. The contractor further agrees that this contract shall include and be subject to the 'Labor Standards Provisions for Federally assisted Construction Contracts' (EPA form 5720-4) in effect at the time of execution of this agreement."

29 CFR 5.5 states in part:

"(a) The Agency head shall cause or require the contracting officer to insert in full in any contract in excess of \$2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a public building or public work, or building or work financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the acts listed in §5.1, the following clauses (or any modifications thereof to meet the particular needs of the agency, *Provided*, That such modifications are first approved by the Department of Labor):

. . . (3) *Payrolls and basic records.*

(i) Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work (or under the United States Housing Act of 1937, or under the Housing Act of 1949, in the construction or development of the project . . .

(ii)(A) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the (write in name of appropriate federal agency) if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to the (write in name of agency) . . .

(B) Each payroll submitted shall be accompanied by a 'Statement of Compliance,' signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract . . ."

CLERK-TREASURER
TOWN OF NEW CHICAGO
FEDERAL FINDINGS
(Continued)

Failure to comply with Davis-Bacon Act requirements could result in the loss of federal funds to the Town.

We recommended that officials comply with the Davis-Bacon Act requirements that have a direct and material effect on the program.

FINDING 2013-006 - PROCUREMENT

Federal Agency: Environmental Protection Agency
Federal Program: Capitalization Grants for Drinking Water State Revolving Funds (SRF)
CFDA Number: 66.468
Federal Award Number: DW12054501
Pass-Through Entity: Indiana Finance Authority

The Town approved a change order which decreased the scope of the project and the contract amount for the project financed with the SRF grant. The original contract was awarded for \$7,022,000. A change order for (\$2,271,029.34) was approved before work on the project commenced. The new contract amount of \$4,750,970.66 represented a decrease of 32 percent.

Indiana Code 36-1-12-18, Change or alteration of specifications; change orders, states in part:

"(c) A change order may not be issued before commencement of the actual construction, reconstruction, or repairs except in the case of an emergency. In that case, the board must make a declaration, and the board's minutes must show the nature of the emergency."

Failure to comply with the grant agreement and the procurement requirements could result in the loss of federal funds to the Town.

We recommended that officials comply with the procurement requirements that have a direct and material effect on the program.

Town of New Chicago



Lori Reno
Clerk Treasurer

122 Huber Blvd. Hobart, Indiana 46342

Office 219.962.1157 • Cell 219.678.0325 • Fax 219.962.5386 • lorireno@frontier.com

CORRECTIVE ACTION PLAN

FINDING 2013-001

Contact Person Responsible for Corrective Action: Lori Reno
Contact Phone Number: (219) 962-1157

Description of Corrective Action Plan:

The Clerk-Treasurer will establish a system of internal controls over the receipting, disbursing, recording and accounting for the financial activities to provide reasonable assurance regarding the reliability of financial information and records. Management will verify the financial reporting to ensure the accuracy of the records and to make informed decisions.

Anticipated Completion Date: January 22, 2015

Lori H. Reno
(Signature)

Clerk-Treasurer
(Title)

1-22-15
(Date)

Town of New Chicago



Lori Reno
Clerk Treasurer

122 Huber Blvd. Hobart, Indiana 46342

Office 219.962.1157 • Cell 219.678.0325 • Fax 219.962.5386 • lorireno@frontier.com

CORRECTIVE ACTION PLAN

FINDING 2013-002

Contact Person Responsible for Corrective Action: Lori Reno
Contact Phone Number: (219) 962-1157

Description of Corrective Action Plan:

The Clerk-Treasurer will implement a procedure whereby the Deputy Clerk will reconcile with the Clerk-Treasurer grant balances, payroll and general ledger expenditures, and drawdown receipt reports to assure that reports submitted are accurate, and has proper documentation to ensure a proper system of internal controls on the Schedule of Expenditures of Federal Awards (SEFA).

Anticipated Completion Date: January 22, 2015

Lori H. Reno
(Signature)

Clerk-Treasurer
(Title)

1-22-15
(Date)

Town of New Chicago



Lori Reno
Clerk Treasurer

122 Huber Blvd. Hobart, Indiana 46342

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CORRECTIVE ACTION PLAN

FINDING 2013-003

Contact Person Responsible for Corrective Action: Lori Reno
Contact Phone Number: (219) 962-1157

Description of Corrective Action Plan:

The Town has not separated incompatible activities due to the size of the Clerk-Treasurer's Office and the availability of staff. The Clerk-Treasurer's Office will review the segregation of duties and separate the approval function, the accounting/reconciliation function, and the asset custody function when possible. When these functions cannot be separated, a detailed supervisory review of related activities will be required.

Anticipated Completion Date: January 22, 2015

Lori H. Reno
(Signature)

Clerk-Treasurer
(Title)

1-22-15
(Date)

Town of New Chicago



Lori Reno
Clerk Treasurer

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CORRECTIVE ACTION PLAN

FINDING 2013-004

Contact Person Responsible for Corrective Action: Lori Reno
Contact Phone Number: (219) 962-1157

Description of Corrective Action Plan:

The Clerk-Treasurer will establish a system of internal controls, including segregation of duties related to monitoring compliance with the federal grant agreement's requirements, including activities that are allowed or not allowed, allowable costs, and documenting and reporting compliance with the requirements. The Clerk-Treasurer will also review the accounts payable vouchers and monitor and document the monitoring of consultant activities to ensure compliance with all requirements of the grant agreement, including, but not limited to Davis-Bacon requirements.

Anticipated Completion Date: January 22, 2015

Lori J. Reno
(Signature)

Clerk-Treasurer
(Title)

1-22-15
(Date)

Town of New Chicago



Lori Reno
Clerk Treasurer

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CORRECTIVE ACTION PLAN

FINDING 2013-005

Contact Person Responsible for Corrective Action: Lori Reno
Contact Phone Number: (219) 962-1157

Description of Corrective Action Plan:

The Clerk-Treasurer will establish a system of internal controls whereby all contractors and subcontractors submit certified payrolls on a weekly basis to comply with all requirements of the Davis-Bacon Act.

Anticipated Completion Date: January 22, 2015

Lori H. Reno
(Signature)

Clerk-Treasurer
(Title)

1-22-15
(Date)

Town of New Chicago



Lori Reno
Clerk Treasurer

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CORRECTIVE ACTION PLAN

FINDING 2013-006

Contact Person Responsible for Corrective Action: Lori Reno
Contact Phone Number: (219) 962-1157

Description of Corrective Action Plan:

The Clerk-Treasurer will establish a system of internal controls whereby change orders will be not be issued before commencement of actual construction, reconstruction, or repairs except in the case of an emergency in order to comply with the procurement requirements.

Anticipated Completion Date: January 22, 2015

Lori H. Reno
(Signature)

Clerk-Treasurer
(Title)

1-22-15
(Date)

CLERK-TREASURER
TOWN OF NEW CHICAGO
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROL

The Clerk-Treasurer did not require outside departments, such as the Park or Police Departments, to submit a Report of Collections, General Form No. 362, with their periodic submission of receipts. Therefore, we were unable to verify that deposits agreed with receipts issued by the departments and recorded in the Town's ledger.

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)

REPORT OF COLLECTIONS (General Form No. 362) This form is intended to serve the needs of any department, officer or agency which is required to make a report and payment of collections to an officer or governmental unit, except those departments, agencies and officers for which a form has been specifically prescribed or approved. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 5)

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. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OFFICIAL BOND

The Clerk-Treasurer had an Official Bond which was properly recorded for the period of audit and to date. However, the Indiana Code requires \$30,000 in bond coverage for every \$1,000,000 in receipts. The Town collected \$3,909,191 in receipts in 2013, requiring a larger bond of \$90,000. The Clerk-Treasurer's Surety Bond was insufficient per the Indiana Code.

Indiana Code 5-4-1-18 states in part:

"(a) Except as provided in subsection (b), the following city, town, county, or township officers and employees shall file an individual surety bond: . . .

(2) Town judges and clerk-treasurers. . . .

(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of city controllers, city clerk-treasurers, town clerk-treasurers, Barrett Law fund custodians, county treasurers, county sheriffs, circuit court clerks, township trustees, and conservancy district financial clerks as follows:

(1) The amount must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).

(2) The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount for the officer or employee.

County auditors shall file bonds in amounts of not less than thirty thousand dollars (\$30,000), as fixed by the fiscal body of the county. The amount of the bond of any other person required to file an individual bond shall be fixed by the fiscal body of the unit at not less than fifteen thousand dollars (\$15,000)."

Town of New Chicago



Lori Reno
Clerk Treasurer

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January 29, 2015

From: Lori L. Reno, Clerk-Treasurer
Town of New Chicago

To: State Board of Accounts

RE: 2012-2013 "Official Response" to Audit Results and Comments

Internal Control

The Town will require the outside departments to submit a Report of Collections (Form 362) with their periodic submission of receipts. Form 362 has been ordered and will be implemented upon receipt.

Official Bond

The amount of the bond for the Clerk-Treasurer has been increased to \$120,000.00 which should comply with IC 5-4-1-18.

Lori L. Reno

Lori L. Reno, Clerk-Treasurer
Town of New Chicago

CLERK-TREASURER
TOWN OF NEW CHICAGO
EXIT CONFERENCE

The contents of this report were discussed on January 22, 2015, with Lori L. Reno, Clerk-Treasurer, and Rebecca L. Williams, President of the Park Board.

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PARK DEPARTMENT
TOWN OF NEW CHICAGO

PARK DEPARTMENT
TOWN OF NEW CHICAGO
AUDIT RESULT AND COMMENT

RECEIPT ISSUANCE

The form in which collections were received (i.e., cash, check, money order, etc.) was not always indicated on receipts issued by the Park Department; therefore, we were unable to determine whether all deposits were made intact.

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)

Indiana Code 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."



Town of New Chicago Park Department

122 Huber Blvd.
Hobart, IN 46342

219-962-1157 Office
219-962-5386 Fax

January 29, 2015

To: State Board of Accounts

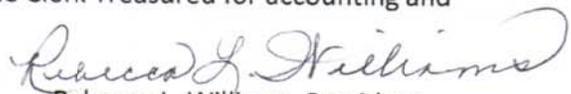
Re: 2011-2013 Official Response to Audit Results and Comments

Receipt Issuance

In checking the receipt books I discovered 5 receipts that were not checked. This was an oversight by a new employee who was learning the system in town. I have informed all employees that the receipt book has to reflect Cash, Check or Money Order and be checked in the appropriate box (s). The receipt book will be checked on a regular basis to make sure these instructions are being followed.

All deposits were made in the same form in which they were received per IC 5-13-6-1(c).

Going forward the Park Department will be using the prescribed and approved form in the manner prescribed. As in the past all reporting will be turned into the Clerk Treasured for accounting and deposit purposes.


Rebecca L. Williams, President
New Chicago Park Department

PARK DEPARTMENT
TOWN OF NEW CHICAGO
EXIT CONFERENCE

The contents of this report were discussed on January 22, 2015, with Lori L. Reno, Clerk Treasurer, and Rebecca L. Williams, President of the Park Board.