

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF CONVERSE

MIAMI COUNTY, INDIANA

January 1, 2011 to December 31, 2014



FILED
04/22/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Deborah Roop Karen Wortinger Kathy Juillerat	01-01-08 to 03-12-11 03-13-11 to 03-14-13 03-15-13 to 12-31-15
President of the Town Council	Joseph Lenon	01-01-11 to 12-31-15
Superintendent of Utilities	Ed Asher	01-01-11 to 12-31-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF CONVERSE, MIAMI COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Converse (Town), for the period from January 1, 2011 to December 31, 2014. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statements Examination Report of the Town, which provides our opinion on the Town's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

December 17, 2015

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CLERK-TREASURER
TOWN OF CONVERSE

**CLERK-TREASURER
TOWN OF CONVERSE
EXAMINATION RESULTS AND COMMENTS**

CONDITION OF RECORDS

Financial records presented for examination were incomplete and not reflective of the activity of the State Revolving Funds which were used to finance, build, and service debt incurred in the improvements to the Water Utility. These accounts were maintained at The Bank of New York Mellon Trust Company, NA. The Financial Statements Examination Report of the Town of Converse for the period January 1, 2011 to December 31, 2014, did include the information contained in these bank accounts.

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)

INTERNAL CONTROLS

Internal controls over the receipting and accounting for the state and local distributions were insufficient:

In 2012, several state distributions were receipted and accounted for in an incorrect fund:

- A Motor Vehicle Highway (MVH) distribution of \$2,409 was posted to the Local Road and Streets (LR&S) Fund.
- A General Fund cigarette tax distribution of \$484 was posted to the Cumulative Capital Improvement (CCI) fund.
- A CCI distribution of \$1,774 was posted to the MVH Fund.
- An LR&S distribution of \$459 was posted to the MVH Fund.
- An LR&S distribution of \$49 was posted to the General Fund.

In addition, a local tax distribution was receipted and accounted for in an incorrect fund:

- A county economic development income tax distribution of \$1,553, which should have been receipted to the Co Econ Dev Inc Tax fund, was instead posted to the General Fund as a county option income tax distribution.

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)

CLERK-TREASURER
TOWN OF CONVERSE
EXIT CONFERENCE

The contents of this report were discussed on December 17, 2015, with Kathy Juillerat, Clerk-Treasurer, and Joseph Lenon, President of the Town Council.

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TOWN COUNCIL
TOWN OF CONVERSE

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TOWN OF CONVERSE
EXAMINATION RESULTS AND COMMENTS

COMPENSATION

Compensation was paid to some employees whose positions were not included on the salary ordinance.

In other matters concerning compensation, not all employees had time sheets, and of those who did, not all time sheets were approved by the employees' supervisors.

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)

CREDIT CARDS

Town employees used credit cards to purchase items without an approved credit card policy.

The Indiana State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

1. The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
2. Issuance and use should be handled by an official or employee designated by the board.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
5. The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.

**TOWN COUNCIL
TOWN OF CONVERSE
EXAMINATION RESULTS AND COMMENTS
(Continued)**

7. Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
8. If properly authorized, an annual fee may be paid.

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

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TOWN OF CONVERSE
EXIT CONFERENCE

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