

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF SOUTH WHITLEY

WHITLEY COUNTY, INDIANA

January 1, 2013 to December 31, 2014



FILED
06/09/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Robert Gould Janet E. Howard	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President of the Town Council	Tony Starkey Bill Boggs Steve Smith Bill Boggs	01-01-13 to 12-31-13 01-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF SOUTH WHITLEY, WHITLEY COUNTY, INDIANA

This report is supplemental to our audit report of the Town of South Whitley (Town), for the period from January 1, 2013 to December 31, 2014. 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, incorporated within this report, was not verified for accuracy.

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

March 30, 2016

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CLERK-TREASURER
TOWN OF SOUTH WHITLEY

CLERK-TREASURER
TOWN OF SOUTH WHITLEY
FEDERAL FINDINGS

***FINDING 2014-001 - INTERNAL CONTROLS AND NONCOMPLIANCE
OVER FINANCIAL TRANSACTIONS AND REPORTING***

There were deficiencies in the internal control system of the Town, as well as, instances of noncompliance related to financial transactions and reporting. The failure to establish controls could enable material misstatements or irregularities to remain undetected. The following items were noted:

1. **Lack of Segregation of Duties:** The Town has not separated incompatible activities related to receipts, utility billings and collections, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.
2. **Preparing Financial Statements:** Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statements 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 and correct, material misstatements, including notes to the financial statements.
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 and correct, material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.
4. **Bank Reconciliations:** The Town's Fiscal Officer did not regularly reconcile the Town's fund balances to the bank balances as shown on the monthly bank statements, as required by Indiana Code guidelines. Failure to perform these reconciliations could enable errors and irregularities to occur and not be detected.
5. **Condition of Records:** The Town's Fiscal Officer did not properly maintain the records required by Indiana statutes and compliance guidelines. Revenue and appropriation detail reports did not agree with fund report totals for the respective year ends. There were numerous transactions that were not posted, others that were posted incorrectly, or posted more than once. When incorrect transactions, missing transactions, or duplicate postings were identified, the Fiscal Officer used negative transactions or amounts without adequate supporting itemization to correct, or attempt to correct, the original transactions.

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 SOUTH WHITLEY
FEDERAL FINDINGS
(Continued)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified 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)

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 2014-002 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We noted the following errors:

1. Two federal awards were omitted from the SEFA at December 31, 2013.
2. One federal award was omitted from the SEFA at December 31, 2014.
3. The federal award amount that was included at December 31, 2013, was incorrect.

Adjustments were proposed, accepted by the Town, and made to the SEFA presented in this report.

CLERK-TREASURER
TOWN OF SOUTH WHITLEY
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)

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 SOUTH WHITLEY
FEDERAL FINDINGS
(Continued)

FINDING 2014-003 - CASH MANAGEMENT AND REPORTING

Federal Agency: Environmental Protection Agency
Federal Program: Capitalization Grants for Clean Water State Revolving Funds
CFDA Number: 66.458
Federal Award Number and Year (or Other Identifying Number): WW 11169201
Pass-Through Entity: Indiana Finance Authority

Management of the Town has not established an effective internal control system, which would include segregation of duties, such as an oversight or approval process, related to the grant agreement and the following compliance requirements that have a direct and material effect to the program: Cash Management and Reporting.

The failure to establish an effective internal control system places the Town at risk of noncompliance with the grant agreement and the applicable 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.

Cash Management

The Town did not have oversight procedures in place to monitor and approve drawdown requests for the audit period.

Reporting

The Town did not have oversight procedures in place to monitor and approve the MBE/WBE required reporting for the audit period.

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 over compliance requirements. 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 could result in the loss of federal funds to the Town.

CLERK-TREASURER
TOWN OF SOUTH WHITLEY
FEDERAL FINDINGS
(Continued)

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

FINDING 2014-004 - DAVIS-BACON ACT

Federal Agency: Environmental Protection Agency
Federal Program: Capitalization Grants for Clean Water State Revolving Funds
CFDA Number: 66.458
Federal Award Number and Year (or Other Identifying Number): WW 11169201
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 Davis-Bacon Act compliance requirement. The failure to establish an effective internal control system places the Town at risk of noncompliance with the grant agreement and the applicable 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 obtain all certified payrolls from the contractor and subcontractors during the audit period. Therefore, it could not be established that the Town was monitoring and ensuring that prevailing wage rates were paid.

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) . . .

CLERK-TREASURER
TOWN OF SOUTH WHITLEY
FEDERAL FINDINGS
(Continued)

(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 . . ."

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 over compliance requirements. 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."

Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the Town.

We recommended that the Town's management establish and implement controls, including segregation of duties, to ensure compliance with the grant agreement and Davis-Bacon Act compliance requirements.



Janet Howard
Clerk-Treasurer

Office of Clerk Treasurer

118 E. Front Street
PO Box 372
South Whitley, IN 46787
jhoward@southwhitley.org
Telephone: 260.723.5312
Fax: 260.723.5311

CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action: Janet Howard
Contact Phone Number: 260-723-5312

Views of Responsible Official:

We concur with the finding

Description of Corrective Action Plan:

1. The office will segregate the duties of receipts, utility billing and collections, disbursements, payroll and related liabilities as much as possible. If not possible, the office staff will check each other's responsibility to confirm accuracy.
2. The office will be able to confirm reliability of financial statements with the above action.
3. The Town Council will take an active role in monitoring financial information and internal controls. The Town Council will evaluate the Town's system of internal controls. A report of internal controls will be provided to the Council. Their review will be documented and filed in the Clerk-Treasurer's office.
4. The current Clerk-Treasurer has and will continue monthly bank reconciliations with Town Council review.
5. The current Clerk-Treasurer will properly maintain the records required by Indiana statutes and compliance guidelines.

Anticipated Completion Date: Immediately

FINDING 2014-002

Contact Person Responsible for Corrective Action: Janet Howard
Contact Phone Number: 260-723-5312

Views of Responsible Official:

We concur with the finding

Description of Corrective Action Plan:

Office of Clerk Treasurer

118 E. Front Street
PO Box 372
South Whitley, IN 46787
jhoward@southwhitley.org
Telephone: 260.723.5312
Fax: 260.723.5311

Janet Howard
Clerk-Treasurer

1. Regarding the preparation of the Schedule of Expenditures of Federal Awards (SEFA), the Clerk-Treasurer's office will improve internal controls. This will be accomplished by assigning a staff person as Grant Administrator to the preparation of the SEFA. The Clerk-Treasurer will then review the SEFA to prevent, identify and correct errors. During the review process, the ledger will be checked to ensure no funds are omitted and no local awards are reported in error. With these changes, the Town will have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards.

Anticipated Completion Date: Immediately

FINDING 2014-003

Contact Person Responsible for Corrective Action: Janet Howard
Contact Phone Number: 260-723-5312

Views of Responsible Official:

We concur with the finding

Description of Corrective Action Plan:

CASH MANAGEMENT – the Grant Administrator and the Clerk-Treasurer will work together on the oversight of the project to monitor and approve drawdown requests for the Grant.

Reporting – the Grant Administrator will confirm if the Town needs to complete and approve the Minority Business and or Women Business reporting for the grant.

Anticipated Completion Date: Immediately

FINDING 2014-004 –

Contact Person Responsible for Corrective Action: Janet Howard
Contact Phone Number: 260-723-5312

Views of Responsible Official:

We concur with the finding

Office of Clerk Treasurer

118 E. Front Street
PO Box 372
South Whitley, IN 46787
jhoward@southwhitley.org
Telephone: 260.723.5312
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Janet Howard
Clerk-Treasurer

Description of Corrective Action Plan:

1. The Town will continue to enhance our internal control and improve our oversight functions. The town will have copies of all information related to contractors and subcontractors on all projects.
2. The Town has instituted a segregation of duties, to ensure compliance with both the grant agreement and the Davis Bacon compliance requirements.
3. The Town will commit to training of employees involved in projects with federal funding so that they understand the requirements of the Davis-Bacon Act.

Anticipated Completion Date: Immediately

Janet Howard
(Signature)

Clerk-Treasurer
(Title)

3-30-2016
(Date)

Bill Boyan
(Signature)

Council President
(Title)

3-30-2016
(Date)

CLERK-TREASURER
TOWN OF SOUTH WHITLEY
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

The Annual Financial Report for 2013 was not filed electronically until April 2, 2014, which was 33 days past the due date.

The Annual Financial Reports for 2013 and 2014 contained errors and did not properly reflect the financial activity of the Town.

Information and adjustments necessary to agree the financial statements to the financial ledgers of the Town were presented to and accepted by the Clerk-Treasurer.

A similar comment appeared in prior Report B42650.

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."

APPROPRIATIONS

The following funds had expenditures in excess of budgeted appropriations during the audit period:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Cumulative Capital Development	2013	\$ 1,319
Local Road and Street	2014	4,436

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."

CONDITION OF RECORDS

The following deficiencies, relating to the recordkeeping that were noted in the prior Report B42650, were again present during our period of audit:

1. Record balances have not been reconciled to depository balances since June 30, 2010.

Indiana Code 5-13-6-1(e) states in part: "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 SOUTH WHITLEY
AUDIT RESULTS AND COMMENTS
(Continued)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

2. Financial records presented for audit did not provide sufficient information to establish the accuracy or correctness of the transactions. Transactions were recorded as "negative" receipts and disbursements. Fund report totals for receipts and disbursements did not agree with revenue and appropriation detail history reports. There were a considerable number of posting errors. These errors included receipts posted to incorrect funds, payroll fund transfer errors, receipts and disbursements recorded on the fund report not reported on the financial statement, bank electronic funds transfers not recorded to the records or financial statement, and interest recorded on the financial statement that was not reported on the fund 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)

3. Fund report totals for receipts did not agree with revenue detail history for three funds in 2013 and one fund in 2014, resulting in a net variance of \$52,281 for both years combined. Fund report totals for disbursements did not agree with appropriation detail history for one fund in 2013 and six funds in 2014, resulting in a net variance of \$64,248 for both years combined.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

4. Entries were posted in an attempt to correct payroll transfer errors without any supporting itemization. \$50,498 was posted to Payroll fund receipts on December 31, 2013, in an attempt to correct transfer errors made in May, June, August, and September of 2013. During 2014, \$49,918 was included in the fund report total receipts for the Payroll fund, but was not reported on the financial statement and was not included in the revenue detail history report.

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)

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

COMPENSATION AND BENEFITS

Compensation and benefits paid to the Clerk-Treasurer in 2013 were not included in the 2013 salary ordinance.

Christmas bonuses were paid to Town employees and the bonuses were not included in the payroll system or on the salary ordinance. The total compensation and benefits paid to these employees was \$1,574 for 2013 and \$1,783 for 2014.

All compensation and benefits paid to officials and employees must be included in the salary ordinance adopted by the legislative 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)

FUND SOURCES AND USES

Reimbursements of \$60,000 and \$20,000 were made from the Electric Operating and Wastewater Operating funds, respectively, to the General and Local Road and Street funds for Police Department expenses paid during 2014. These disbursements were not related to electric or wastewater utility functions. The General fund should return these monies to each respective utility operating fund.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Payments or transfers which are not authorized by statute, ordinance, resolution, or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Expenses paid from utility funds should be directly related to the operation of the municipally owned utility. Expenditures for city and town operating costs should not be paid from utility funds. Furthermore, utility funds should not be used to pay for personal items. The cost of shared employees and equipment between a city or town and its utilities or between utilities should be prorated in a rational manner. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

UTILITY RECEIPTS TAX

The Electric and Water utilities made estimated payments for Utility Receipts Tax to the Indiana Department of Revenue (IDOR) during the audit period, but IDOR Form URT-1, Indiana Utility Receipts Tax Return, was not filed for 2013 and the 2014 URT-1 was not accurate. The IDOR has outstanding notices for payment with penalties and interest (resulting from prior period errors) totaling \$704 for 2009, \$3,441 for 2012 and \$869 for 2014.

A similar comment appeared in prior Report B42650.

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

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

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 paid by the Clerk-Treasurer identified the following deficiencies with an error rate greater than 10 percent:

1. Of the claims tested, 18 percent did not have adequate supporting documentation. This error resulted in \$18,752 of expenditures which did not have adequate supporting documentation.
2. Of the claims tested, 13 percent did not have Council approval. This error resulted in \$127,581 expenditures which did not have Council approval, which is required in order for claims to be paid. There were additional claims which were approved after the payment was made.
3. Of the claims tested, 35 percent did not have proper certification by the Fiscal Officer. This error resulted in \$192,311 of expenditures which did not have the Fiscal Officer's certification that the invoice or bill being paid was true and correct.

A similar comment appeared in prior Report B42650.

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;

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

- (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."

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest were paid during 2013 and 2014 for errors and late remittances of payroll taxes and sales taxes billed on Electric and Water utility revenue.

A similar comment appeared in prior Report B42650.

Penalties and interest for payroll taxes paid to the Internal Revenue Service (IRS) totaled \$381. The penalties and interest paid in June of 2014 had accrued from federal 941 payments for the payroll ending February 13, 2013, not paid until March 29, 2013.

Penalties and interest related to sales tax were paid in January of 2013, to the Indiana Department of Revenue totaling \$1,372 for late payment of September 2012 billings. The entire amount paid of \$1,753 accrued from tax periods before the exit conference date from the prior audit.

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)

CASH DISBURSEMENTS

Cash, from petty cash funds on hand, was given to employees for mileage reimbursements. Petty cash was subsequently replenished with the provided mileage reimbursement form as documentation.

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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

PUBLIC RECORDS RETENTION

Various records, such as deposit slips for March of 2013, Employer's Quarterly Federal Tax Return (IRS Form 941) for the second quarter of 2013, and 9 claims and/or supporting invoices of the 60 claims tested for payment were not retained and available for audit.

A similar comment appeared in prior Report B42650.

Indiana Code 5-15-6-4, concerning destruction of public records, states in part: "(a) Except as provided in subsection (b), no records shall be removed or transferred from any office until a period of at least three (3) years shall have elapsed from the date on which the records were filed . . ."

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

Indiana Code 36-9-23-33 states in part:

"(c) Except as provided in subsection (m), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.
 - (B) A description of the premises, as shown by the records of the county auditor.
 - (C) The amount of the delinquent fees, together with the penalty.
- (2) An individual instrument for each lot or parcel of real property on which the fees are delinquent.

(d) The officer shall record a copy of each list or each individual instrument with the county recorder . . .

(f) . . . Using the lists and instruments prepared under subsection (c) and recorded under subsection (d), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (d), certify to the county auditor a list of the unpaid liens for collection with the next May installment of property taxes."

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

ADJUSTMENTS TO UTILITY ACCOUNTS

Accounts receivable from utility and trash billings totaling \$18,185 and 13,171 during 2013 and 2014, respectively, were written off the records by the Clerk-Treasurer. Not all adjustments or write-offs were approved by Council.

Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns)

OVERPAYMENT COLLECTIONS

Based upon the records presented for audit, sales tax remittances on Electric and Water utility billings for 2013 exceeded the amounts due by approximately \$20,000.

As noted in prior Report B42650, sales tax remittances for the years 2011 and 2012 exceeded amounts due by approximately \$11,000 and \$10,000, respectively.

As of March 30, 2016, the amounts listed above have not been resolved or refunded.

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

WAGE AND TAX STATEMENT FORM W-2 REPORTING

The Town made contributions to Health Savings Accounts of \$2,500 on an annual basis for participating employees. The contributions were not properly reported on IRS Wage and Tax Statement Form W-2. Clothing allowances and Christmas bonuses paid were also not reported on the IRS Wage and Tax Statement Form W-2.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CLERK-TREASURER
TOWN OF SOUTH WHITLEY
EXIT CONFERENCE

The contents of this report were discussed on March 30, 2016, with Janet E. Howard, Clerk-Treasurer, and Bill Boggs, President of the Town Council.

TOWN COUNCIL
TOWN OF SOUTH WHITLEY

TOWN COUNCIL
TOWN OF SOUTH WHITLEY
FEDERAL FINDINGS

***FINDING 2014-001 - INTERNAL CONTROLS AND NONCOMPLIANCE
OVER FINANCIAL TRANSACTIONS AND REPORTING***

There were deficiencies in the internal control system of the Town, as well as, instances of noncompliance related to financial transactions and reporting. The failure to establish controls could enable material misstatements or irregularities to remain undetected. The following items were noted:

1. Lack of Segregation of Duties: The Town has not separated incompatible activities related to receipts, utility billings and collections, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.
2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statements 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 and correct, material misstatements, including notes to the financial statements.
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 and correct, material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.
4. Bank Reconciliations: The Town's Fiscal Officer did not regularly reconcile the Town's fund balances to the bank balances as shown on the monthly bank statements, as required by Indiana Code guidelines. Failure to perform these reconciliations could enable errors and irregularities to occur and not be detected.
5. Condition of Records: The Town's Fiscal Officer did not properly maintain the records required by Indiana statutes and compliance guidelines. Revenue and appropriation detail reports did not agree with fund report totals for the respective year ends. There were numerous transactions that were not posted, others that were posted incorrectly, or posted more than once. When incorrect transactions, missing transactions, or duplicate postings were identified, the Fiscal Officer used negative transactions or amounts without adequate supporting itemization to correct, or attempt to correct, the original transactions.

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."

TOWN COUNCIL
TOWN OF SOUTH WHITLEY
FEDERAL FINDINGS
(Continued)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified 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)

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 2014-003 - CASH MANAGEMENT AND REPORTING

Federal Agency: Environmental Protection Agency
Federal Program: Capitalization Grants for Clean Water State Revolving Funds
CFDA Number: 66.458
Federal Award Number and Year (or Other Identifying Number): WW 11169201
Pass-Through Entity: Indiana Finance Authority

Management of the Town has not established an effective internal control system, which would include segregation of duties, such as an oversight or approval process, related to the grant agreement and the following compliance requirements that have a direct and material effect to the program: Cash Management and Reporting.

The failure to establish an effective internal control system places the Town at risk of noncompliance with the grant agreement and the applicable 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.

Cash Management

The Town did not have oversight procedures in place to monitor and approve drawdown requests for the audit period.

Reporting

The Town did not have oversight procedures in place to monitor and approve the MBE/WBE required reporting for the audit period.

TOWN COUNCIL
TOWN OF SOUTH WHITLEY
FEDERAL FINDINGS
(Continued)

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 over compliance requirements. 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 could result in the loss of federal funds to the Town.

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

FINDING 2014-004 - DAVIS-BACON ACT

Federal Agency: Environmental Protection Agency
Federal Program: Capitalization Grants for Clean Water State Revolving Funds
CFDA Number: 66.458
Federal Award Number and Year (or Other Identifying Number): WW 11169201
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 Davis-Bacon Act compliance requirement. The failure to establish an effective internal control system places the Town at risk of noncompliance with the grant agreement and the applicable 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 obtain all certified payrolls from the contractor and subcontractors during the audit period. Therefore, it could not be established that the Town was monitoring and ensuring that prevailing wage rates were paid.

TOWN COUNCIL
TOWN OF SOUTH WHITLEY
FEDERAL FINDINGS
(Continued)

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 . . ."

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 over compliance requirements. 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."

Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the Town.

We recommended that the Town's management establish and implement controls, including segregation of duties, to ensure compliance with the grant agreement and Davis-Bacon Act compliance requirements.



Janet Howard
Clerk-Treasurer

Office of Clerk Treasurer

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Telephone: 260.723.5312
Fax: 260.723.5311

CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action: Janet Howard
Contact Phone Number: 260-723-5312

Views of Responsible Official:

We concur with the finding

Description of Corrective Action Plan:

1. The office will segregate the duties of receipts, utility billing and collections, disbursements, payroll and related liabilities as much as possible. If not possible, the office staff will check each other's responsibility to confirm accuracy.
2. The office will be able to confirm reliability of financial statements with the above action.
3. The Town Council will take an active role in monitoring financial information and internal controls. The Town Council will evaluate the Town's system of internal controls. A report of internal controls will be provided to the Council. Their review will be documented and filed in the Clerk-Treasurer's office.
4. The current Clerk-Treasurer has and will continue monthly bank reconciliations with Town Council review.
5. The current Clerk-Treasurer will properly maintain the records required by Indiana statutes and compliance guidelines.

Anticipated Completion Date: Immediately

FINDING 2014-002

Contact Person Responsible for Corrective Action: Janet Howard
Contact Phone Number: 260-723-5312

Views of Responsible Official:

We concur with the finding

Description of Corrective Action Plan:

Office of Clerk Treasurer

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jhoward@southwhitley.org
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Janet Howard
Clerk-Treasurer

1. Regarding the preparation of the Schedule of Expenditures of Federal Awards (SEFA), the Clerk-Treasurer's office will improve internal controls. This will be accomplished by assigning a staff person as Grant Administrator to the preparation of the SEFA. The Clerk-Treasurer will then review the SEFA to prevent, identify and correct errors. During the review process, the ledger will be checked to ensure no funds are omitted and no local awards are reported in error. With these changes, the Town will have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards.

Anticipated Completion Date: Immediately

FINDING 2014-003

Contact Person Responsible for Corrective Action: Janet Howard
Contact Phone Number: 260-723-5312

Views of Responsible Official:

We concur with the finding

Description of Corrective Action Plan:

CASH MANAGEMENT – the Grant Administrator and the Clerk-Treasurer will work together on the oversight of the project to monitor and approve drawdown requests for the Grant.

Reporting – the Grant Administrator will confirm if the Town needs to complete and approve the Minority Business and or Women Business reporting for the grant.

Anticipated Completion Date: Immediately

FINDING 2014-004 –

Contact Person Responsible for Corrective Action: Janet Howard
Contact Phone Number: 260-723-5312

Views of Responsible Official:

We concur with the finding

Office of Clerk Treasurer

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Janet Howard
Clerk-Treasurer

Description of Corrective Action Plan:

1. The Town will continue to enhance our internal control and improve our oversight functions. The town will have copies of all information related to contractors and subcontractors on all projects.
2. The Town has instituted a segregation of duties, to ensure compliance with both the grant agreement and the Davis Bacon compliance requirements.
3. The Town will commit to training of employees involved in projects with federal funding so that they understand the requirements of the Davis-Bacon Act.

Anticipated Completion Date: Immediately

Janet Howard
(Signature)

Clerk-Treasurer
(Title)

3-30-2016
(Date)

Bill Boyan
(Signature)

Council President
(Title)

3-30-2016
(Date)

TOWN COUNCIL
TOWN OF SOUTH WHITLEY
AUDIT RESULTS AND COMMENTS

COMPENSATION AND BENEFITS

Compensation and benefits paid to the Clerk-Treasurer in 2013 were not included in the 2013 salary ordinance.

Christmas bonuses were paid to Town employees and the bonuses were not included in the payroll system or on the salary ordinance. The total compensation and benefits paid to these employees was \$1,574 for 2013 and \$1,783 for 2014.

All compensation and benefits paid to officials and employees must be included in the salary ordinance adopted by the legislative 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)

FUND SOURCES AND USES

Reimbursements of \$60,000 and \$20,000 were made from the Electric Operating and Wastewater Operating funds, respectively, to the General and Local Road and Street funds for Police Department expenses paid during 2014. These disbursements were not related to electric or wastewater utility functions. The General fund should return these monies to each respective utility operating fund.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Payments or transfers which are not authorized by statute, ordinance, resolution, or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Expenses paid from utility funds should be directly related to the operation of the municipally owned utility. Expenditures for city and town operating costs should not be paid from utility funds. Furthermore, utility funds should not be used to pay for personal items. The cost of shared employees and equipment between a city or town and its utilities or between utilities should be prorated in a rational manner. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ERRORS ON CLAIMS

A test of claims paid by the Clerk-Treasurer identified the following deficiencies with an error rate greater than 10 percent:

1. Of the claims tested, 19 percent did not have adequate supporting documentation. This error resulted in \$18,752 of expenditures which did not have adequate supporting documentation.

TOWN COUNCIL
TOWN OF SOUTH WHITLEY
AUDIT RESULTS AND COMMENTS
(Continued)

2. Of the claims tested, 13 percent did not have Council approval. This error resulted in \$127,581 expenditures which did not have Council approval, which is required in order for claims to be paid. There were additional claims which were approved after the payment was made.

A similar comment appeared in prior Report B42650.

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."

ADJUSTMENTS TO UTILITY ACCOUNTS

Not all adjustments to utility accounts were approved by Council. In addition, no written policy was presented for audit for writing off bad debts, uncollectible accounts receivable, or other adjustments.

The governing body of a governmental unit should have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN COUNCIL
TOWN OF SOUTH WHITLEY
EXIT CONFERENCE

The contents of this report were discussed on March 30, 2016, with Janet E. Howard, Clerk-Treasurer, and Bill Boggs, President Pro Tempore of the Town Council.