

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF OXFORD

BENTON COUNTY, INDIANA

January 1, 2013 to December 31, 2014



FILED

10/31/2016

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Examination Results and Comments:	
Payroll Fund	6
Payroll	6
Receipt Issuance.....	7
Town Council Minutes.....	7
Annual Financial Report.....	7
Condition of Records.....	7-8
Official Response.....	9-10
Exit Conference	11
Town Council:	
Examination Results and Comments:	
Town Council Minutes.....	14
Credit Cards	14-15
Official Response.....	16
Exit Conference	17
Fire Department:	
Examination Result and Comment:	
Fire Department Recordkeeping	20-21
Exit Conference	22

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Christie Hale	01-01-12 to 12-31-19
President of the Town Council	Rusty Hoaks	01-01-13 to 12-31-13
	Don Munson	01-01-14 to 12-31-14
	Tina Coffman	01-01-15 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF OXFORD, BENTON COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Oxford (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 Examination Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statement Examination Report of the Town, which provides our opinion on the Town's financial statement. 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

August 29, 2016

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CLERK-TREASURER
TOWN OF OXFORD

CLERK-TREASURER
TOWN OF OXFORD
EXAMINATION RESULTS AND COMMENTS

PAYROLL FUND

Depository reconciliations of the Payroll Fund balance to the payroll bank account balance were not presented for examination. The ledger balance exceeded the bank balance by \$6,619 and \$5,004 for 2013 and 2014, respectively.

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."

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)

PAYROLL

The following deficiencies related to payroll were identified:

- There were 32 instances when employees were paid prior to the end of the pay period.
- The Clerk-Treasurer paid herself in advance in the month of June. The advancement was prorated out evenly during the rest of the year to agree with the salary ordinance.
- Internal Revenue Service (IRS) Wage and Tax Statement Form W-2 (W-2) was not reconciled to the Employee Earnings Record (General Form No. 99B). As a result, \$2,000 in wages were not reported on an employee's W-2 for 2014.
- The Employer's Quarterly Federal Tax Return (IRS Form 914) for the 4th quarter of 2013 was filed 303 days after the due date.

Salaries and wages of public officers may not be paid in advance. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

At the close of the year or the last pay period of any employee whose service has been discontinued, the grand totals taken from this record (General Form No. 99B) will serve for issuing the earnings statements, Forms W-2 and WH-2 to the employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 5)

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. Non-compliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CLERK-TREASURER
TOWN OF OXFORD
EXAMINATION RESULTS AND COMMENTS
(Continued)

RECEIPT ISSUANCE

Receipts for monies collected were not always issued at the time of the transactions.

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

TOWN COUNCIL MINUTES

The Town Council meeting minutes for January 13, 2014, and from May 2015 to the date of this report were not presented for examination.

Indiana Code 5-14-1.5-4 states in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5."

Indiana Code 36-5-6-6(a) states in part: "The clerk-treasurer shall do the following: . . . (9) Serve as a clerk of the legislative body by attending its meeting and recording its proceedings."

ANNUAL FINANCIAL REPORT

The Annual Financial Report for 2013 and 2014 was filed on March 4, 2014, and May 18, 2015, respectively, which was 3 and 78 days after the respective due date.

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."

CONDITION OF RECORDS

The records of the Town were not maintained up to date. Bank reconcilements were not prepared on a monthly basis. As of March 2016, the bank reconcilements were prepared up to August 2015.

CLERK-TREASURER
TOWN OF OXFORD
EXAMINATION RESULTS AND COMMENTS
(Continued)

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."

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)

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)



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CHRISTIE HALE
CLERK-TREASURER

September 19, 2016

State Board of Accounts
302 Washington St., Room E418
Indianapolis, Indiana 46204-2765

Re: OFFICIAL RESPONSE

To Whom It May Concern,

In response to the Town of Oxford Clerk Treasurer examination results and comments noted in the January 1, 2013 to December 31, 2014 audit report, I, Christie Hale, the Clerk-Treasurer for this period, respond with the following corrective action plan:

- At the April 18, 2016 regular council meeting, the town council voted to hire a consultant to reconcile the payroll account up-to-date. At the present time, a consultant is contracted and the reconciliations of this account are in process.
- At the April 18, 2016 regular council meeting, the town council discussed changing payroll policies so that there is more time to permit the Clerk-Treasurer to process payroll. Beginning with the first payroll in June, 2016 all checks will be distributed on the Friday following the close of the pay period with all documents required to process payroll being due to the Clerk-Treasurer by noon on Monday of that week. There will be no exceptions and no early payroll check distributions.
- The Clerk-Treasurer will contact the IRS to determine whether it is necessary to re-issue a corrected W-2 for the erroneous 2014 W2 and review the transaction to make sure no other reports were affected such as the W3. The year-end process will be reviewed to make sure the wage and tax statement is reconciled to the employee earnings record prior to W-2 distribution to employees so that this cannot reoccur.
- Effective prior to the state board of accounts auditor having left the site, the Clerk-Treasurer and staff began issuing receipts using the Keystone Fund software at the time of the transaction. Prior to this, only face-to-face receipts had been issued consistently at the time of transaction. Miscellaneous, general fund, non-utility revenue received by mail or electronically had previously been documented manually in a cash book and posted in the software at month end. This was thought to have been a means to save time and was the way the current Clerk-Treasurer was trained. With this new information from the state board of accounts, the new policies have been implemented.
- The Annual Financial Report has been filed late. With new internal controls being devised and implemented in 2016, the filing of the annual financial report should be more streamlined and timely in the future.
- The reconciliations of all bank accounts except the payroll fund are reconciled monthly. As of April 21, 2016 they are reconciled through year end. At the time of the exit conference, on April 7, 2016, there was a reconciling item that needed to be found that held up reconciling in one account; all other accounts were reconciled, except payroll as previously stated. I was unaware that the term, "reconciled monthly," meant that there was a specific deadline for the completion of the monthly reconciliation. This new policy will be implemented so that when the accounts are

reconciled up-to-date, they will be maintained in a way that they are reconciled at least by the end of the following month.

Additionally, in response to the Town of Oxford Fire Department examination results and comments noted in the January 1, 2013 to December 31, 2014 audit report, I, Christie Hale, the Clerk-Treasurer for this period, feel it relevant to note that the town's attorney Jud Barce of Barce and Reece, P.C. in Fowler, Indiana has advised the town elected officials that since the fire department has since incorporated as of March, 2016, the funds that are held by the fire department are not necessary to be reported on the town's ledger and may be held in a bank account separate from the town funds.

Please feel free to contact me if you have any questions or need any additional information.

Respectfully,
Christie Hale
Oxford Clerk-Treasurer

CLERK-TREASURER
TOWN OF OXFORD
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2016, with Christie Hale, Clerk-Treasurer, and Tina Coffman, President of the Town Council.

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TOWN COUNCIL
TOWN OF OXFORD

TOWN COUNCIL
TOWN OF OXFORD
EXAMINATION RESULTS AND COMMENTS

TOWN COUNCIL MINUTES

The Town Council meeting minutes for January 13, 2014, and from May 2015 to the date of this report were not presented for examination. The Town Council did not always approve the minutes.

Indiana Code 5-14-1.5-4 states in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5."

CREDIT CARDS

The Town Council had not adopted a formal policy governing the uses of the Town's credit card.

The 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.

TOWN COUNCIL
TOWN OF OXFORD
EXAMINATION RESULTS AND COMMENTS
(Continued)

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.
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 Town, Chapter 7)



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September 19, 2016

State Board of Accounts
303 W Washington St., Room E 418
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RE: Official Response

To Whom It May Concern,

On behalf of Oxford Town Council, I am writing to give you our response to the recent examination results and comments presented to the town council during the audit of the town's records of 2011-2014. I will be going through each item and present our corrective plan of action for the future.

1. Minutes were not presented for examination for January 13, 2014 and from May 2015 to current:
 - a. We are currently looking into taping the meetings and putting the recording in a program that will transcribe the minutes.
 - b. There are minutes that have been hand written but not typed and approved by the council
 - i. Our clerk will now be transcribing those and will be presenting two per council meeting until they are up to date.
2. The Town Council has not adopted a formal policy for governing the uses of the Town's credit card:
 - a. We will be implementing a credit card policy according to the State Board of Accounts' best practices along with input from our attorney. Currently, our Attorney is drafting the policy for the council's consideration, adoption, and implementation.

Please feel free to contact me if you have any questions or need any additional information.

Respectfully,

Tina Coffman
Oxford Town Council President

TOWN COUNCIL
TOWN OF OXFORD
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2016, with Christie Hale, Clerk-Treasurer, and Tina Coffman, President of theTown Council.

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FIRE DEPARTMENT
TOWN OF OXFORD

FIRE DEPARTMENT
TOWN OF OXFORD
EXAMINATION RESULT AND COMMENT

FIRE DEPARTMENT RECORDKEEPING

The Fire Department maintained a separate bank account for their donation and fundraising activity. The following deficiencies related to the recordkeeping of the Fire Department were identified:

1. The bank account was not reconciled to the check register.
2. Receipts were not presented for examination.
3. Checks and cash withdrawals from the bank account were not supported by adequate documentation.
4. Fundraising events were not approved by the Town Council.
5. The activity for the Fire Department donations and fundraisers were not included in the records of the Town.

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."

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

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.

FIRE DEPARTMENT
TOWN OF OXFORD
EXAMINATION RESULT AND COMMENT
(Continued)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Governmental units which conduct fund raising events should have the express permission of the governing body for conducting the fund raiser as well as procedures in place concerning the internal controls and the responsibility of employees or official. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

All claims, invoices, receipts, accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for which amounts are claimed, including the nature, name, and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FIRE DEPARTMENT
TOWN OF OXFORD
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2016, with Christie Hale, Clerk-Treasurer, and Tina Coffman, President of theTown Council.