

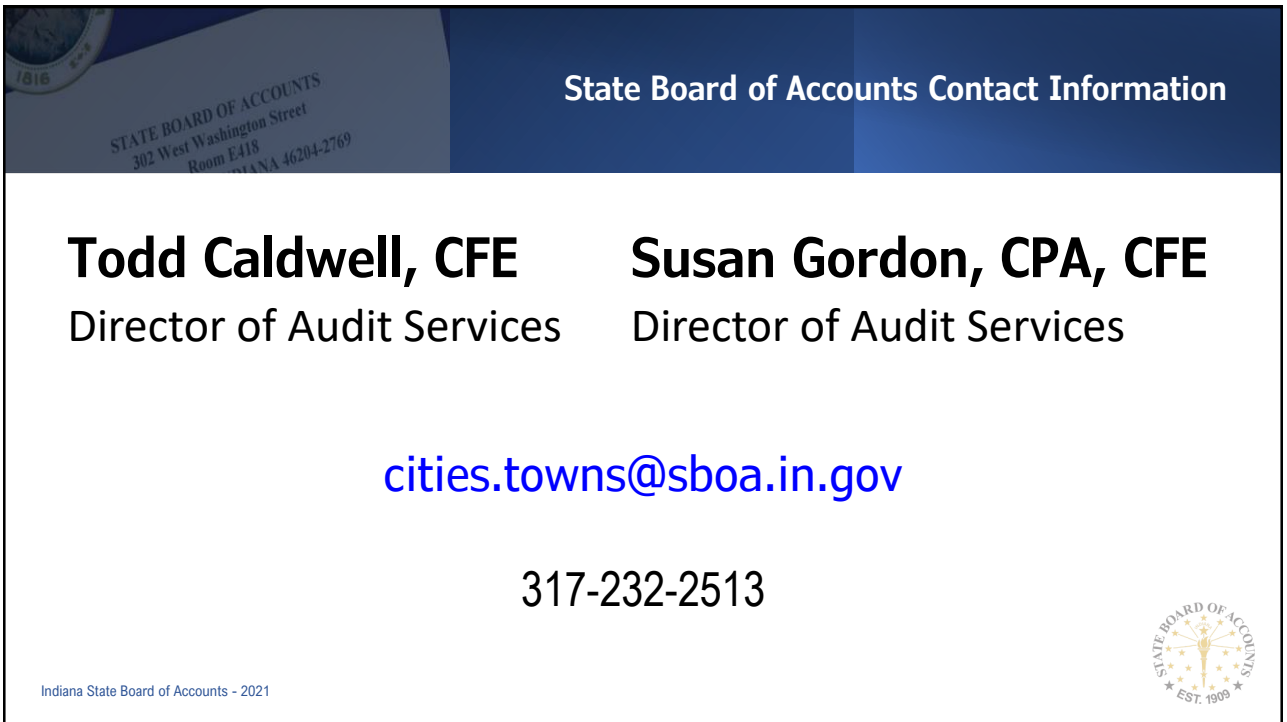


Surviving an Audit – Start to Finish

Fall District Meeting

August 2021

1




State Board of Accounts Contact Information

<p>Todd Caldwell, CFE Director of Audit Services</p>	<p>Susan Gordon, CPA, CFE Director of Audit Services</p>
---	---

cities.towns@sboa.in.gov

317-232-2513

Indiana State Board of Accounts - 2021



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What's On Tap

- Engagements
- Time for an Audit
- The Audit Process



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Required Engagements

Indiana Code 5-11-1-9

Requires the State Examiner to examine all accounts and all financial affairs of every public entity.

Federal Grant Agreements

Federal grant agreements commonly call for an annual audit.

Debt Covenants & Bond Rating Agencies

Most financial institutions and bond rating agencies accept the SBOA audit report for their purposes.



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Engagement Goals

Provide Opinions on Financial Information Presented by Auditee

- Unmodified, or “clean” opinion, lets readers know the information is materially correct.
- Modified opinion lets readers know there are issues that need to be taken into consideration when it comes to the information presented.

Provide Reader with Noncompliance of Federal Requirements for Major Programs and State Requirements

- Federal: Section II (Financial Statement Compliance); Section III (Major Program Compliance)
- State: Audit Results and Comments (significant or impactful to the unit and/or public)



Indiana State Board of Accounts - 2021

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Engagement Goals

Provide Management with less Significant Noncompliance of State Requirements

- Management Letter – General Noncompliance with State Statute or SBOA Compliance Guidelines Manual



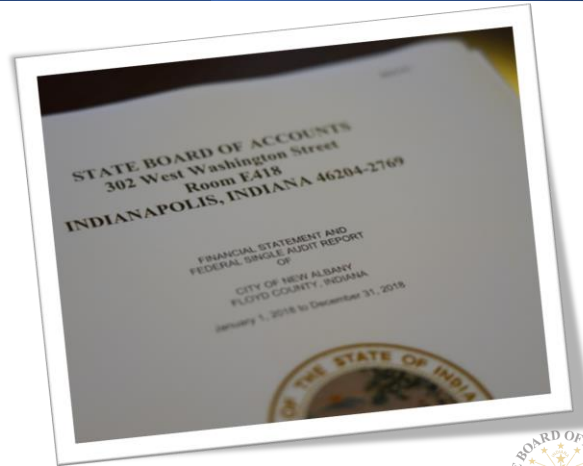
Indiana State Board of Accounts - 2021

bamabaspipe.com

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- **Audit Report**
 - *possible Supplemental Audit Report*
- **Review Report**
- **Compliance Report**
- **Management Letter**



Indiana State Board of Accounts - 2021

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Indiana State Board of Accounts - 2021

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Pre-Audit Forms

(03/20) Form 7 UNDERSTANDING THE DESIGN AND IMPLEMENTATION OF INTERNAL CONTROLS – ENTITY LEVEL
Page 1 of 4

PART I – TO BE COMPLETED BY UNIT OFFICIAL

Questionnaire completed by:

Name	Title	Date

CONTROL ENVIRONMENT

1. Communication and enforcement of integrity and ethical values:

a. What action is taken to address departures from approved policies or unacceptable conduct that might create errors on the accounting records?

b. If fraud is alleged, what does management or the governing body (board) do to investigate the allegation, take appropriate and consistent actions against violators, and assess how relevant controls could be improved?

2. Commitment to competence:

a. What background, education, and experience do accounting personnel have that assist them with their duties?

b. What training do employees receive to help them maintain their accounting and financial reporting competencies?

(01/20) Form 9 City/Town UNDERSTANDING THE ENTITY AND ITS ENVIRONMENT
Part I - Questionnaire

Questionnaire completed by:

Name	Title	Date

General Information

Name of City/Town:	
City/Town's address:	
City/Town's website:	
Primary contact:	
Telephone number:	
Email address:	
Fax number:	

Structure and Governance

1. The primary activities, programs, and services of the city/town are: (Strike through or delete any that don't apply.)

a. General Government

1. Planning and Zoning Activities
2. Providing a judicial system which is primarily responsible for handling traffic violations
3. Overall administration of the unit

b. Public Safety

1. Law Enforcement
2. Fire Protection
3. Protective Inspection
4. Probation

c. Street Maintenance

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Pre-Audit Forms

(04/20) Form 13 Management Oversight of Nonaudit Services
Period:

Name of Individual Designated by Management to oversee nonaudit services: _____

Title of Individual: _____

Review of nonaudit services performed:
(Management's designee should check each item as it is reviewed.)

Statement of Receipts, Disbursements, and Cash and Investment Balances:

___ Beginning cash and investments agree with prior year ending balances for each fund and for the total of all funds.

___ Ending balances are reported correctly for each fund and the total of all funds.

___ Titles of funds are reported correctly for each fund.

Notes to the Financial Statement:

___ Notes to the financial statement as compiled accurately reflect the governmental unit.

Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances:

___ Beginning cash and investments agree with prior year ending balances for each fund.

___ Ending balances are reported correctly for each fund.

___ Titles of funds are reported correctly for each fund.

Other Supplementary Schedules (Schedule of Payable and Receivables, Schedule of Leases and Debt, Schedule of Capital Assets)

___ All information is correct and presented as management intended.

All Statements, Schedules and Notes:

___ Fund names are correct. (Fund names will appear as shown in the report.)

___ Unit name is correct throughout report.

As the management designee, I have reviewed the financial statement and notes to the financial statement for each of the aforementioned items. These items were prepared by use of our books and records. Our books and records adequately support the financial statement and notes to the financial statement prepared, and accordingly, I approve these items as compiled by the State Board of Accounts. I understand that slight modifications such as spelling, grammatical and formatting errors may be corrected during the processing of our report by the State Board of Accounts. I acknowledge that the financial statement, including the notes to the financial statement, are our responsibility. I have determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation.

Name of Designee	
Title	
Date	

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Entrance Conference

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



Indiana State Board of Accountants - 2021

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Entrance Conference

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

Who is invited?

- Those charged with governance – Council President
- Management – Fiscal Officer: Clerk-Treasurer or Controller



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Entrance Conference

What is discussed?

- Introduction to the Field Examiners that will be working on the audit

- General overview of:

Audit Objectives

Management Responsibilities

Audit Procedures (general, internal control, compliance)

Informing Management of general records that will be requested

Start date & expected issuance date



Indiana State Board of Accounts - 2021

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Entrance Conference

Continuing Expectations

- Provide and inform attendees with a method to allow for continued communication throughout the audit process


Field Examiners will:

- Explain the objectives of the engagement
- Explain what responsibilities management has
- Inform management of audit fees
- Answer any questions regarding the audit process



Indiana State Board of Accounts - 2021

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(01/20) Form 14 NonAudicial

ENTRANCE CONFERENCE
AUDIT PERIOD: January 1, 2018 to December 31, 2019

Pursuant to statutory authority, the below named Field Examiners have been assigned to perform an audit of the financial statement of the City of Gordonsville (City). The scheduled audit period is from January 1, 2018 to December 31, 2019, although circumstances may arise which would cause the audit to be extended.

The financial statement will be presented on the basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by IC 5-11-6, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The following other information accompanying the financial statement will not be subjected to the auditing procedures applied in our audit of the financial statement, and our auditor's report will not provide an opinion or any assurance on this other information.

1. Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances
2. Schedule of Payables and Receivables
3. Schedule of Leases and Debt
4. Schedule of Capital Assets

Audit Objectives

The objective of our audit is the expression of an opinion as to whether your financial statement is fairly presented, in all material respects, in conformity with reporting requirements established by the State Board of Accounts as allowed by IC 5-11-1-6. In addition, because the variances between the reporting requirements established by the Indiana State Board of Accounts and accounting principles generally accepted in the United States are presumed to be material, we are required to express an adverse opinion in relation to accounting principles generally accepted in the United States. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America, and will include tests of accounting records, and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit. Our reports will be addressed to The Officials of the City of Gordonsville. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinion on the financial statement are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue reports.


Management Responsibilities

Management is responsible for the financial statement, and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of your financial statement and related notes. You agree to assume all management responsibilities relating to the financial statement, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statement and related notes and that you have reviewed and approved the financial statement and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience, evaluate the adequacy and results of those services; and accept responsibility for them.

Your responsibilities include adjusting the financial statement to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statement taken as a whole.

Management is responsible for designing, implementing, and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met, and ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, and regulations. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statement in conformity with reporting

Entrance Conference



Indiana State Board of Accounts - 2021

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(01/20) Form 14 NonAudicial

Audit Coordinator who coordinates the audit engagement and supervises the assigned field staff (Interns, Field Examiners, and Audit Managers). If you should have any questions concerning your audit, please contact either the Audit Manager or Audit Coordinator over your audit. The unit will only be charged for actual time devoted to the audit. If special agency needs require the examiners to temporarily work on another engagement, we will advise you accordingly. The rate will be as described in IC 5-11-4-3 which will be deducted from the property tax distribution received from the County Auditor if you have a general fund tax rate. Your cooperation, the condition and completeness of records, and audit problems or special conditions encountered may cause the actual audit days to result in increased or decreased audit costs.


We appreciate the opportunity to be of service to your governmental unit and believe this letter accurately summarized the significant terms of our engagement. If you have any questions, please let us know. By signing below, you agree with the terms of our engagement as described in this letter.

	Management's Signature
	Title
Field Examiners	Date
	Governance's Signature
Audit Manager and Email Address	Title
	Date
Audit Coordinator and Email Address	

Entrance Conference

Entrance Conference Form 14

- Will be emailed to you
- Signed copy required
- You can print, sign, and return to FE



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The Audit Process

Indiana State Board of Accounts - 2021

- ✓ Preliminary Work
- ✓ Entrance Conference
- Virtual/Remote Audit
- Auditing Procedures
- Exit Conference
- Reports



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How does a virtual / remote audit work?

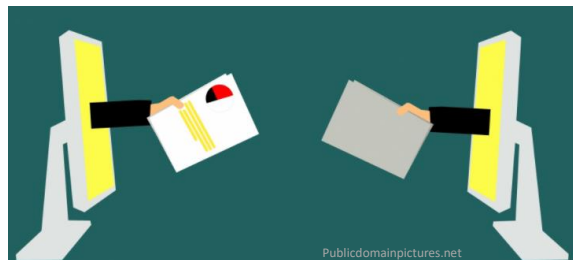
Email, Telephone, Video Conferences

Forms Prior to Audit

On-site Procedures

Gateway Direct Request email

Monthly & Annual Uploads

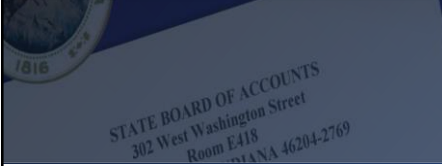


Publicdomainpictures.net



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Communication


Weekly Contact

- Teams Video Calls
- Telephone Calls
- Emails

Items to be discussed


- Records or Information needed
- Questions related to audit work
- Progress of the audit
 - Schedule
- Any concerns you may have





Indiana State Board of Accounts - 2021

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Direct Requests

How do I know a request has been made?

Email from no-reply-gateway@sboa.in.gov

Request for specific file or item with detailed description

Instructions on how to upload


- through Monthly and Annual Engagement Uploads

What do I do?

Acknowledge request

Provide time-frame

Email field examiner when item has been uploaded



Indiana State Board of Accounts - 2021

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Year: 2019

Monthly and Annual Engagement Uploads

Use the form below to find and upload documents required for audit support. **Note: This information is for the State Board of Accounts internal use only and will not be made available on the Gateway Public site.**

File Upload Status: The current upload status is viewable in the table below. Any objects with a red X need to be uploaded. To view a previous upload, click on the download icon in the table. To delete a previous upload, click on the delete icon for that record in the status table.

To upload new files: Select which set of files need to be uploaded using the Select Upload Group dropdown. Next, select the specific file from the Select File Type dropdown on the right. The user will be able to upload files using the Browse and Upload buttons in the Provide File section. In some cases, an option will appear in the Provide File section allowing a user to provide a link instead of uploading a file. To do this, select the Web Link option and paste the link in the textbox labeled Provide Link.

To complete the entry: Click on the button marked Submit. The status table will be updated. Multiple files may be uploaded for each Upload Group and File Type. If a file needs to be reloaded, the user should delete that file from the status table first.

Select Upload Group	Select File Type	Provide File
Direct Request ▾	Audit Request ▾ Please upload the requested audit files.	Upload file (<i>xls, xlsx, doc, docx, jpg, pdf, gif, tif, png</i>) Choose File No file chosen

★

Status	2019 Required Uploads	Upload Date	Uploaded By	Download	Delete

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Direct Requests

Scroll down passed monthly and annual uploads to see -

	Direct Request				
✓	Audit Request <i>DelegationForm</i>	3/17/2020 2:41:57 PM	akarl@sboa.in.gov	↓	✖
✓	GAAP FILES <i>DelegationForm</i>	3/17/2020 2:42:34 PM	akarl@sboa.in.gov	↓	✖
✓	Audit Request <i>007_UnderstandingIC_2001</i>	3/19/2020 2:20:09 PM	akarl@sboa.in.gov	↓	✖
✓	GAAP FILES <i>009_UnitEnvironmentCounty_2001</i>	3/19/2020 2:20:47 PM	akarl@sboa.in.gov	↓	✖
✓	Audit Request <i>16-INF-02</i>	8/21/2020 6:36:16 AM	sgordon@sboa.in.gov	↓	✖

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Documents Requested

Written policies and procedures	Debt documents
Internal Control Training Certifications	Capital Assets Ledger
Board Minutes (include to current date)	Receipts
Ordinances and Resolutions	Accounts Payable Vouchers
Contracts	Payroll records
Financial Records (ledger)	Financial Reports filed with other agencies
Bank Reconcilements and Bank Statements	



Indiana State Board of Accounts - 2021

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How Do I Prepare?

- File AFR, 100R, Monthly and Annual Uploads on time.
- Document Internal Control Procedures and Evidence of Procedures.
- Maintain a file of all policies (travel, benefits, credit cards, etc.)
- Reconcile bank accounts monthly.
- Post records timely (ledger, capital assets, debt, investments, etc).
- File supporting documentation for expenses in an orderly fashion.
- Issue receipts and deposit money on a timely basis.
- Keep explanations for unusual items (attorney opinions, etc.)
- Keep a list of questions or items you want to tell the field examiner.
- Call Todd and Susan!



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302 West Washington Street
Room E418
INDIANA 46204-2769

Are there special requirements for CARES or ARPA?

- CARES - State Examiner Directive 2020-3 & other memos
- ARPA - State Examiner Directive 2021-2 and accompanying memos
- Grant Documents
- Internal Controls
- Explanations of Expenses (for ARPA see Section 603, Interim Final Rule, US Treasury FAQs)
- Uniform Guidance if amount expended exceeds \$750,000 in a year




INDIANA STATE BOARD OF ACCOUNTS
EST. 1909

Indiana State Board of Accounts - 2021

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The Audit Process

- ✓ Preliminary Work
- ✓ Entrance Conference
- ✓ Virtual/Remote Audit
- Auditing Procedures
- Exit Conference
- Reports



INDIANA STATE BOARD OF ACCOUNTS
EST. 1909

Indiana State Board of Accounts - 2021

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What is SBOA looking for?

Understanding of Internal Controls

Prior Period Follow Up

- Audit Results and Comments
- Management Letter Comments
- Verbal Comments
- Significant or Unusual subsequent events

Financial Statement Information

Receipts

Disbursements


Compliance



Examples of Compliance Procedures

- Internal Controls (procedures and evidence of procedures)
- Comparisons of AFR to Ledger
- Timely Deposit of Receipts
- Disbursements not exceeding appropriations
- Monthly bank reconcilements
- Compensation in accordance with Salary Ordinance
- Payroll remittance to IDOR + IRS
- Fund Sources and Uses
- Capital Assets
- Supporting Documentation
- MVH Restricted
- Prior comments resolved






Other Responsibilities During the Audit

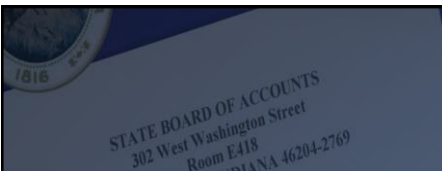
Request Attorney Representation Letter

Sign Management
Representation Letter



Indiana State Board of Accounts - 2021

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Audit Findings Communicated

Audit Result and Comment (ARC)

Management Letters


Verbal Comments

Federal findings



Indiana State Board of Accounts - 2021

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Audit Result & Comment - Example


ADOPTION OF AND TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context


As of December 31, 2019, the Town Council had not adopted internal control standards and procedures as required by state statute. In addition, there was no training of Town personnel concerning internal control standards and procedures during the review period.

Criteria

Indiana Code 5-11-1-27(g) states: "After June 30, 2016, the legislative body of a political subdivision shall ensure that: (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

Indiana State Board of Accounts - 2021


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Repeated Comments

- HB 1031 (2017) – repeat comments have consequences.

Make sure to get an idea on how to fix problems before the field examiner leaves.

If you still need help after the Exit Conference, call Todd and Susan.

- File Corrective Action Plan using SBOA Template
- Implement fixes immediately

Indiana State Board of Accounts - 2021


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The Audit Process

Indiana State Board of Accounts - 2021

- ✓ Preliminary Work
- ✓ Entrance Conference
- ✓ Virtual/Remote Audit
- ✓ Auditing Procedures
- Exit Conference
- Reports



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Exit Conference

Draft report

Opportunity to respond to comments (Form 4) – 10 days

- electronic responses shall be sent to officialresponse@sboa.in.gov

Corrective Action Plan discussed if repeat comments in report


Official's term, email and physical addresses verified

Results of Audit are **Confidential** until report is filed

Indiana State Board of Accounts - 2021



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302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

Exit Conference

(05/20) Form 4 FS Audit and Other Engagements

EXIT CONFERENCE

Unit Examined: _____
 Period Examined: _____
 Date of Conference: _____
 Office or Department (if applicable): _____

This exit conference is being held in accordance with 5-11-5-1 and except as provided in subsections (b), (d), and (e), it is unlawful for any person, before a report is made public, to make any disclosure of the result of any examination of any public account.

In accordance with Indiana Code 5-11-5-1, the Officer or the Chief Executive Officer of the unit examined is given the opportunity to respond to the results and comments contained in the report. Your response, if any, will be bound in and become a part of our report. We ask that you initial the option selected below, sign, and date this form. Your signature is not deemed to be a concurrence with our results and comments but merely acknowledges that you understand that you have a right to respond to the report. Please note that the report is a draft prepared by the Field Examiners and is subject to editing by department directors and board members.

Initial
Below _____ Acknowledgement of Decision for Official Response

OPTION NO. 1: We do not wish to make an official response to the report.

OPTION NO. 2: We wish to file an official response to the results and comments in the form of a letter to be bound in the report. We understand that the letter itself will be made part of the report and any attachment or exhibit that is included and referred to in our response may not be but will be held on file with SBOA and will be made available to the public upon request. We also understand that if such response is not received by the State Board of Accounts within ten (10) days of this date, the State Board of Accounts cannot guarantee that the response will be included in the report. Any response received after the 10 day period, although there is no guarantee, may still be included in the report, if the report has not been filed at the time the response is received. The SBOA will provide an Official Response Template to complete and return either by letter or electronically. Letters should be clearly marked "OFFICIAL RESPONSE" and sent to State Board of Accounts, 302 West Washington Street, Room E 418, Indianapolis, Indiana 46204-2765. If submitted electronically, the response should be in a PDF format. Electronic responses should be sent to officialresponse@sboa.in.gov.

Initial
Below _____ Acknowledgement of Understanding of Requirements Concerning Repeat Findings

We understand that for the following result and comments an SBOA corrective action plan (CAP) must be completed and submitted on the SBOA website (<http://www.in.gov/sboa/5207.htm>). We acknowledge that we have been provided guidelines, instructions, and a CAP template. We also understand that we must either submit the CAP or send an email to CAP@sboa.in.gov acknowledging that we are working on the CAP by: _____

Title of repeat result and comment(s):

Initial
Below _____ Acknowledgement of Timeline on the Report Release Date


We understand that the earliest date our report will be issued is: _____, unless waived by the state examiner.

We have had an opportunity to review and discuss the contents of the report with the Field Examiner(s) and have initialed applicable options above relating to comments contained in the Supplemental Compliance Report.

Officials Invited to Exit	Officials Attending Exit
Signed: _____	_____
Title: _____	_____
Signed: _____	_____
Title: _____	_____
Signed: _____	_____
Title: _____	_____

NOTE TO EXAMINERS: FILE THIS FORM WITH THE WORKING PAPERS. YOU MAY NEED TO PRINT MORE THAN ONE FORM IF MULTIPLE DEPARTMENTS/OFFICES APPEAR IN THE REPORT OR A SUPPLEMENTAL REPORT. A SIGNED COPY SHOULD BE PROVIDED TO OFFICIALS.

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302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

Audit Costs


Statement of Engagement Cost for city and town engagements other than utility departments

1. Number of days spent on the audit.
2. Daily/hourly rate.
3. Report processing fees.


NOT an invoice that is to be paid

An invoice of these audit costs will be sent to your County for payment out of your next distribution

Indiana State Board of Accounts - 2021



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


Audit Costs

Statement of Engagement Costs and Invoice for city and town engagements with utility departments

- 1. Number of days spent on the audit.
- 2. Daily/hourly rate.
- 3. Report processing fees.

The invoice for the utility audit costs should be paid
to the State Board of Accounts within 30 days.

Indiana State Board of Accounts - 2021




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The Audit Process

Indiana State Board of Accounts - 2021

- ✓ Preliminary Work
- ✓ Entrance Conference
- ✓ Virtual/Remote Audit
- ✓ Auditing Procedures
- ✓ Exit Conference
- Reports



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Federal Audits

CITY OF NEW HAVEN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2016

Federal Grant Agency Audit Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
Department of Transportation					
Highway Planning and Construction Cluster					
Highway Planning and Construction					
Road Construction, Lincoln Road from	Indiana Department of Transportation	20.205			
North River Rd. to Mayville			Des. No. 0710219	\$ -	\$ 180,818
Road Construction, Birchwood-Larkin Road			Des. No. 1400064	-	135,854
Ross Powers St. to North River Rd.			Des. No. 0100843	-	471,434
Water Line Relocation for SR22				-	794,204
Total - Highway Planning and Construction Cluster					
Highway Safety Cluster					
Alcohol Impaired Driving Countermeasures Incentive Grants I	City of Fort Wayne	20.601			
Traffic Safety/DUI Countermeasures			03-16-10220	-	4,497
National Priority Safety Programs	City of Fort Wayne	20.616			
Traffic Safety/Occupant Protection			03-16-10135	-	7,275
Total - Highway Safety Cluster					
Total - Department of Transportation					
Total federal awards expended					\$ 805,623

- Schedule of Expenditures of Federal Awards (SEFA)
- Selection of Major Programs
- Audit of Major Programs



Indiana State Board of Accounts - 2021

Financial Statement Report

853056

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302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

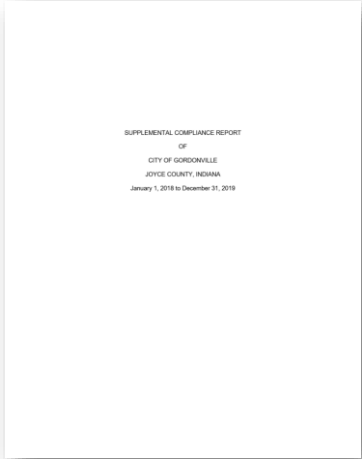
FINANCIAL STATEMENT AUDIT REPORT
OF
TOWN OF PENDELTON
MADISON COUNTY, INDIANA
January 1, 2017 to December 31, 2018

FILED
10/18/2019



Indiana State Board of Accounts - 2021

Supplemental Report



CAPITAL ASSETS

Condition and Context

The Town did not provide a formal capital asset policy, a detailed listing of capital assets, or evidence that a capital asset inventory had been completed at least every two years.

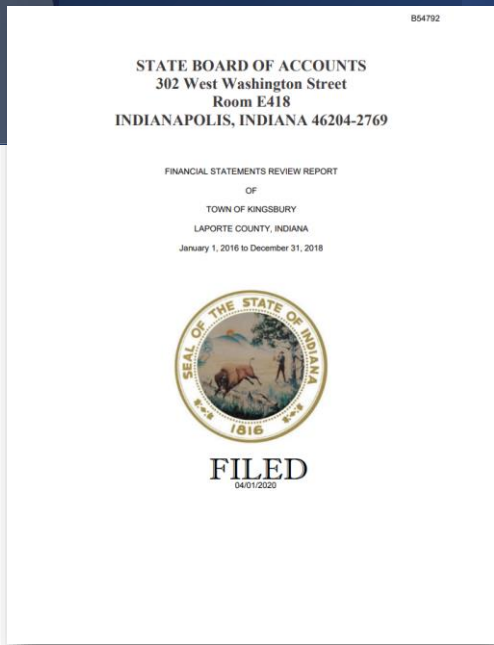
Capital asset cumulative grand totals are captured within the Towns' accounting software and a listing of 2019 capital asset additions and deletions was provided; however, a detailed listing was not accessible. The Town provided a purchasing and procurement policy; however, the policy did not establish a specific dollar value threshold for capitalizing assets.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)



Review Report




Compliance Report

B55566

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

COMPLIANCE REPORT
 OF
 KEYSER TOWNSHIP
 DEKALB COUNTY, INDIANA
 January 1, 2016 to December 31, 2018




FILED
08/14/2020



Indiana State Board of Accounts - 2021

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Compliance Report

 **STATE OF INDIANA**
 AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
 302 WEST WASHINGTON STREET
 ROOM E418
 INDIANAPOLIS, INDIANA 46204-2769
 Telephone: (317) 232-2513
 Fax: (317) 232-4111
 Web Site: www.in.gov/boa

MANAGEMENT LETTER COMMUNICATING NONCOMPLIANCE

TO: THE OFFICIALS OF THE CITY OF GORDONVILLE, JOYCE COUNTY, INDIANA

The Indiana State Board of Accounts is providing this letter to communicate certain matters noted during our audit related to noncompliance with applicable laws and/or uniform compliance guidelines established by the Indiana State Board of Accounts. Our audit covered the period January 1, 2018 to December 31, 2019.

The matters noted below describe identified instances of noncompliance found during our audit that did not, in our opinion, warrant comment in your official report at this time, but are being communicated for your information. Please be advised that we will review the status of these items during our next engagement. Continued noncompliance could result in the matters noted being reportable in your next report.

ACCOUNTS PAYABLE VOUCHERS

Condition and Context

One Accounts Payable Voucher totaling \$5.55 did not have supporting documentation available for audit.

Criteria

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination 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.

This communication is intended solely for the information and use of management, governance, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

Freddie Field Examiner

September 30, 2020



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Common Audit Findings



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Bank Reconciliations

No Bank Reconciliation

Bank Reconciliation performed but...

- Did not balance
- Savings and investment balances not reflected
- Reconciling items not identified
- Individual bank reconciliations did not agree to combined bank reconciliation
- No segregation of duties or review / approval process
- No monitoring to ensure reconciliation was done accurately and timely



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Capital Assets

No capitalization policy

No capital assets ledger

No physical inventory taken

Capital Asset Ledger was present but...

- not updated for additions and reductions
- assets recorded replacement or other value rather than acquisition value
- did not agree with capital assets schedule in AFR



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Condition of Records – AFR and Ledger

Posting errors / activity was not posted to the records

AFR did not agree with records

All funds not reflected on town's records (e.g. SRF)

Individual funds ledger not reconciled to the control ledger



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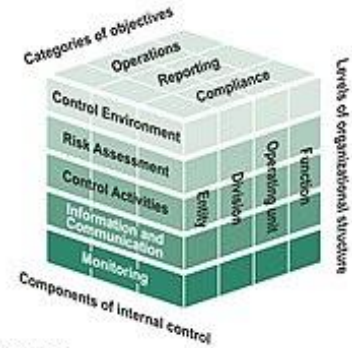
Internal Controls over Financial Transactions and Reporting

Cash and Investments

Receipts

Disbursements – Vendor & Payroll

Annual Financial Report



Source: COSO and GAO. | GAO-14-704G



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Other

Appropriations

Overdrawn Cash Balance

MVH allocation of 50% to restricted Sub-fund 203

Monthly and Annual Engagement Uploads

Adoption or Training on Internal Control Standards



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Contact Info



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