

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF HOPE

BARTHOLOMEW COUNTY, INDIANA

January 1, 2018 to December 31, 2022



FILED
11/29/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Diane Burton	01-01-18 to 12-31-23
President of the Town Council	Ed Johnson	01-01-18 to 07-17-18
	Ohmer Miller	07-18-18 to 12-31-19
	Jerry Bragg	01-01-20 to 12-31-22
	Ohmer Miller	01-01-23 to 12-31-23
Town Manager	JT Doane	01-01-18 to 12-31-18
	(Vacant)	01-01-19 to 12-31-20
	Frank Owens	01-01-21 to 12-31-21
	(Vacant)	01-01-22 to 03-31-23
	Jason Eckart	04-01-23 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF THE TOWN OF HOPE, BARTHOLOMEW COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Hope (Town), for the period from January 1, 2018 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Town. It should be read in conjunction with the Financial Statements Audit Report of the Town, which provides our opinions on the Town's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The 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 Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

A handwritten signature in blue ink that reads "Beth Kelley".

Beth Kelley, CPA, CFE
Deputy State Examiner

November 14, 2023

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CLERK-TREASURER
TOWN OF HOPE

CLERK-TREASURER
TOWN OF HOPE
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

The Town had not established a proper system of internal controls to prevent, or detect and correct, errors during the financial close and reporting process and receipts.

Financial Close and Reporting

Financial information was entered by the Clerk-Treasurer into the Indiana Gateway for Government Units financial reporting system, which was the source for the financial statement. There was no review, oversight, or approval process to prevent, or detect and correct, errors prior to the submission.

Receipts

The Town had not designed or implemented an oversight or review process over receipts to ensure the accuracy, completeness, timeliness, and classification of the receipts posted. There is no documentation to support the separation of duties.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

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

ANNUAL FINANCIAL REPORT

Condition and Context

Other information is required to be entered annually into the Annual Financial Report via the Indiana Gateway for Government Units (Gateway) financial reporting system. The Town did not maintain documentation to support amounts reported for the capital assets and the accounts payable and accounts receivable as reported in Gateway. Therefore, the Town chose not to present the Schedule of Capital Assets and the Schedule of Payables and Receivables in the Financial Statement Audit Report of the Town.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity 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](#)."

CAPITAL ASSETS

Condition and Context

The Town had not adopted a formal capital assets policy detailing the threshold at which an item is considered a capital asset. The Town was unable to provide a complete detailed listing of all capital assets owned reflecting any acquisition values or other details.

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)

CLERK-TREASURER
TOWN OF HOPE
EXIT CONFERENCE

The contents of this report were discussed on November 14, 2023, with Diane Burton, Clerk-Treasurer; Jason Eckart, Town Manager; Ohmer Miller, President of the Town Council; and Ed Johnson, Town Council member.

TOWN COUNCIL
TOWN OF HOPE

TOWN COUNCIL
TOWN OF HOPE
AUDIT RESULT AND COMMENT

CAPITAL ASSETS

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TOWN OF HOPE
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