

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF ALBANY

DELAWARE COUNTY, INDIANA

January 1, 2019 to December 31, 2022



FILED
11/27/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Marcie J. Schlosser Joyce L. Hamilton	01-01-19 to 12-31-19 01-01-20 to 12-31-23
President of the Town Council	Steven R. Hall	01-01-19 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF ALBANY, DELAWARE COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Albany (Town), for the period from January 1, 2019 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.

Beth Kelley, CPA, CFE
Deputy State Examiner

November 15, 2023

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CLERK-TREASURER
TOWN OF ALBANY

CLERK-TREASURER
TOWN OF ALBANY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

The Town uploaded financial information from the Town's accounting software to the Indiana Gateway for Government Units financial reporting system, which was the source of the Annual Financial Report and the financial statements. There was no oversight, review, or approval process to ensure the accuracy of the information prior to submission.

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. . . ."

ANNUAL FINANCIAL REPORT

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report via the Indiana Gateway for Government Units (Gateway) financial reporting system. The capital asset information entered into Gateway was incorrect.

The Town had not included the Town's roads in the Capital Asset Ledger. Therefore, the value of the Town's roads were omitted from the capital assets reported in Gateway for 2019, 2020, 2021, and 2022. Additionally, the Town had not documented that a physical inventory of capital assets had been performed.

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](#)."

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

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)

ANNUAL ENGAGEMENT UPLOADS

Condition and Context

As of January 1, 2023, the Town had not uploaded all required annual engagement uploads for 2020, 2021, and 2022 into the Indiana Gateway for Government Units financial reporting system as required by Amended State Examiner Directive 2018-1.

Criteria

. . . This is effective for 2020 annual files which will be due for upload March 1, 2021, for calendar year units. . . .Thereafter, annual files must be uploaded no later than March 1st . . . for the prior year end unless the SBOA establishes a different date. . . .

The following files and governmental unit information are required to be uploaded annually . . . :

- Year-end Investment Statements . . .
- Detail of Receipts for the year
- Detail of Disbursements for the year
- Current year Salary Ordinance (or Schedule) and Amendments . . .
- Annual Vendor History Report
- Annual Payroll History Report, without social security numbers
- Annual Funds Ledger, summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund . . .
- Optional: Excel Data Capture/Data Dump (in lieu of Detail of Receipts and Disbursements)

(Amended State Examiner Directive 2018-1)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must 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 1)

MOTOR VEHICLE HIGHWAY DISTRIBUTIONS INCORRECTLY POSTED

Condition and Context

The May 2019 and March 2022 State Motor Vehicle Highway Account distributions were posted entirely to the Motor Vehicle Highway fund instead of 50 percent to the MVH Restricted (subfund of MVH) fund.

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

Criteria

Starting on January 1, 2019, the political subdivision must post at the time of receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted. (State Examiner Directive 2018-2)

CLERK-TREASURER
TOWN OF ALBANY
EXIT CONFERENCE

The contents of this report were discussed on November 15, 2023, with Joyce L. Hamilton, Clerk-Treasurer, and Steven R. Hall, President of the Town Council.