

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF BRYANT

JAY COUNTY, INDIANA

January 1, 2018 to December 31, 2022



FILED

01/09/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Audit Results and Comments:	
Capital Assets	6
Certification on Internal Control Standards	6
Accounting for American Rescue Plan Act (ARPA) Funds	6-7
Annual Financial Report - Other Information	7
Overdrawn Cash Balances	8
Monthly and Annual Uploads	8-9
Motor Vehicle Highway (MVH) - Restricted Fund	9-10
Internal Controls over Financial Transactions and Reporting	10-11
Exit Conference	12
Town Council:	
Audit Results and Comments:	
Adoption of and Training on Internal Control Standards	14
Capital Assets Policy	14
Exit Conference	15

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Anita L. Alberson-Boice Carrie Minnich	01-01-18 to 12-31-20 01-01-21 to 12-31-23
President of the Town Council	Gregg G. Ellenberger	01-01-18 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF BRYANT, JAY COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Bryant (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

December 21, 2023

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CLERK-TREASURER
TOWN OF BRYANT

CLERK-TREASURER
TOWN OF BRYANT
AUDIT RESULTS AND COMMENTS

CAPITAL ASSETS

Condition and Context

The Town does not have a complete, detailed listing of all capital assets owned by the Town. In addition, a complete physical inventory of capital assets owned was not taken at least every two years by the Town.

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)

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The Clerk-Treasurer had incorrectly certified on the Indiana Gateway for Government Units (Gateway) financial reporting system in 2018 and 2019 that the Town had adopted internal control standards, when in fact, they had not adopted such standards.

The Clerk-Treasurer incorrectly certified in Gateway that Town personnel had received training regarding internal control standards for 2018 and 2019. As of the current date, no training has been provided to any Town personnel.

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](#)."

ACCOUNTING FOR AMERICAN RESCUE PLAN ACT (ARPA) FUNDS

Condition and Context

The Town failed to create a separate local grant fund for the ARPA Coronavirus Local Fiscal Recovery Fund with the appropriate fund number range. Due to this, ARPA Coronavirus Local Fiscal Recovery Fund distributions totaling \$43,652 were receipted into another established grant fund.

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

Criteria

. . . Each local unit that receives an allocation from the Coronavirus Local Fiscal Recovery Fund under Section 603 of the Social Security Act, as added by Section 9901 of the ARP, shall establish by ordinance a separate local grant fund called the ARPA Coronavirus Local Fiscal Recovery Fund . . . For a city or town, the ARPA grant fund must be established by ordinance of the legislative body. The ordinance must specify the uses of the fund in accordance with the purposes outlined in Section 603(c). The ordinance should reference a plan that will provide the details for the use of these funds. All moneys received from the Local Fiscal Recovery Fund must be receipted into the separate ARPA grant fund. . . . (Amended State Examiner Directive 2021-1)

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)

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The information entered into Gateway resulted in the following errors:

Capital Assets

Supporting documentation provided was not sufficient to support the amounts reported on the AFR for the capital assets schedule.

Leases and Debt

The amounts reported for leases and debt for principal due within one year was the full balance of principal due and not the principal due within one year.

The Town has determined the Schedule of Capital Assets, the Schedule of Leases and Debt, and the Schedule of Payables and Receivable will not be presented as Other Information in the Financial Statements Audit Report for 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](#)."

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

OVERDRAWN CASH BALANCES

Condition and Context

The financial statements included the following funds with overdrawn cash balances:

Year	Fund	Amount Overdrawn
2018	Park & Rec	\$ (395)
2018	Payroll Federal W/H	(13)
2018	Payroll State W/H	(47)
2019	Cash Operating Sewage	(9,884)
2020	Cash Operating Sewage	(19,783)
2021	Cash Operating Sewage	(51,567)
2022	Cash Operating Sewage	(71,517)

Criteria

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

MONTHLY AND ANNUAL UPLOADS

Condition and Context

The Town did not comply with the State Examiner Directive and failed to upload a portion of the monthly and annual upload files on the Indiana Gateway for Government Units (Gateway) financial reporting system.

The files and governmental unit information that are required to be uploaded monthly include the bank reconciliements, approved Town Council minutes, and the funds ledger, summarizing total receipts, disbursements, and balances by fund. The following deficiencies were noted regarding monthly file uploads:

- None of the required monthly files were submitted from July 2018 to December 2021.
- All 12 months of required monthly files were uploaded late during 2022.

Annual upload requirements include the year-end bank statement, year-end outstanding check list, year-end investments, detail of receipt activity, detail of disbursement activity, current year salary ordinance, and an annual vendor history report. The following deficiencies were noted regarding annual file uploads:

- No annual files were uploaded for 2018, 2019, 2020, or 2021.
- Annual files for 2022 were uploaded late or were incorrect.

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

Criteria

Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. . . . (State Examiner Directive 2018-1)

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. (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 (MVH) - RESTRICTED FUND

Condition and Context

The Town did not establish the Motor Vehicle Highway Restricted fund as required.

Criteria

Indiana Code 8-14-1-5(c) states: "For funds distributed to a city or town from the motor vehicle highway account, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the city's or town's highways."

The purpose of this directive is to authorize and require counties, cities, and towns that receive distributions from the State Motor Vehicle Highway account to **create a new sub-fund within the MVH Fund** to properly manage and account for the usage restrictions that were included in House Enrolled Act 1002-2017 and House Enrolled Act 1290-2018.

The sub-fund will be referred to throughout this Directive as "MVH Restricted" and will be used to account for MVH monies which have been statutorily restricted for construction, reconstruction, and preservation purposes.

On the chart of accounts, the MVH Fund and MVH Restricted sub-fund shall be shown as follows:

...

Cities and Towns

Fund 201	MVH
Fund 203	MVH Restricted

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

Together, MVH and MVH Restricted shall constitute the total MVH Fund. MVH and MVH Restricted will be shown separately on the Annual Financial Report. . . .

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)

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)

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

A similar comment appeared in prior Report B51841, entitled *INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING*.

Condition and Context

There were deficiencies in the internal control system of the Town related to financial transaction and reporting.

Receipts

The Clerk-Treasurer entered all receipts into the accounting system, made the deposits at the bank, and prepared the bank reconcilements for the Town. There was no oversight or review of the Town's receipts to ensure accuracy.

Financial Close and Reporting

The Town's financial information was prepared and electronically submitted by the Clerk-Treasurer to the Indiana Gateway for Government Units financial reporting system, which was the source of the Town's financial statements. There were no effective internal controls in place, such as review, or approval process, to ensure that the information submitted was accurate and timely.

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:

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

"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 BRYANT
EXIT CONFERENCE

The contents of this report were discussed on December 21, 2023, with Carrie Minnich, Clerk-Treasurer, and Gregg G. Ellenberger, President of the Town Council.

TOWN COUNCIL
TOWN OF BRYANT

TOWN COUNCIL
TOWN OF BRYANT
AUDIT RESULTS AND COMMENTS

ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS

A similar comment appeared in prior Report B51841, entitled *ADOPTION OF INTERNAL CONTROL STANDARDS*.

Condition and Context

The minimum level of internal control standards, as defined by the Indiana State Board of Accounts, had not been adopted by the Town. In addition, Town personnel had not received training concerning internal control standards during the audit 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."

CAPITAL ASSETS POLICY

Condition and Context

The Town does not have a capital assets policy that detailed the threshold at which an item is considered a capital asset.

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)

TOWN COUNCIL
TOWN OF BRYANT
EXIT CONFERENCE

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