

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF SILVER LAKE

KOSCIUSKO COUNTY, INDIANA

January 1, 2019 to December 31, 2022



FILED

12/06/2023

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|-----------------------------|--|
| Clerk-Treasurer | Tonya Conley | 01-01-19 to 12-31-23 |
| President of the Town Council | Chad Miner Medard Murfin | 01-01-19 to 12-31-20 01-01-21 to 12-31-23 |



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) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE TOWN OF SILVER LAKE, KOSCIUSKO COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Silver Lake (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 30, 2023

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CLERK-TREASURER
TOWN OF SILVER LAKE

CLERK-TREASURER
TOWN OF SILVER LAKE
AUDIT RESULTS AND COMMENTS

FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

There were deficiencies in the internal control system of the Town related to financial transactions and reporting. The Town had not designed or implemented a system of effective internal controls related to financial close and reporting, receipts, and disbursements.

Financial Close and Reporting

The Town had not established effective internal controls over the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Annual Financial Report and the financial statements. The financial information was prepared and submitted in Gateway by the Clerk-Treasurer without a review or approval process.

Receipts

The Town had not established effective internal controls over receipts. One employee was responsible for posting receipts without an oversight or review process to ensure all funds received were properly recorded.

Disbursements

The Town had not established effective internal controls over disbursements. One employee was responsible for preparing and processing disbursements without an oversight or review process in place. Though the Town Council approved disbursements through the claims docket, there was no review of the invoices or accounts payable voucher to ensure properly processed. Additionally, on-call time worked for utility employees was not properly documented.

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 SILVER LAKE
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. . . ."

UTILITY BILLING ERRORS

Condition and Context

A test of utility customer billing was performed. Out of the 25 billings tested, 8 billings contained errors. Two customers were not charged sales tax, but the Town had not obtained or maintained a Sales Tax Exemption form for the customers, one customer was not charged the correct amount for Sewage rates, and the sprinkling credit was not properly calculated or applied for five customers.

Criteria

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER
TOWN OF SILVER LAKE
EXIT CONFERENCE

The contents of this report were discussed on November 30, 2023, with Tonya Conley, Clerk-Treasurer, and Medard Murfin, President of the Town Council.