

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF NEW CARLISLE

ST. JOSEPH COUNTY, INDIANA

January 1, 2019 to December 31, 2022



**FILED**  
10/16/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Susan I. Moffitt	01-01-19 to 12-31-23
President of the Town Council	Kenneth Carter	01-01-19 to 12-31-19
	Marcy L. Kauffman	01-01-20 to 12-31-20
	Samantha Rush	01-01-21 to 12-31-22
	Marcy L. Kauffman	01-01-23 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](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE TOWN OF NEW CARLISLE, ST. JOSEPH COUNTY, INDIANA

This report is supplemental to the audit report of the Town of New Carlisle (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/](http://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

October 3, 2023

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CLERK-TREASURER  
TOWN OF NEW CARLISLE

CLERK-TREASURER  
TOWN OF NEW CARLISLE  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS**

The same comment also appeared in prior Report B53320.

*Condition and Context*

There were deficiencies in the internal control system of the Town related to receipts. The Town stated that a review process was in place to ensure the occurrence, completeness, accuracy, cutoff, classification, and presentation of collections receipted and posted to the financial system. However, the oversight or review process was not documented at each step to ensure collections were accurately receipted and posted to the financial records.

*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. . . ."

**ACCOUNTING OF COVID-19 GRANTS**

*Condition and Context*

The Town did not properly account for the COVID-19 - Coronavirus Relief Fund (CRF) in accordance with the options outlined in State Examiner Directive 2020-3 (Directive).

In 2020, the payroll reimbursement of \$64,660 from the Indiana Finance Authority (IFA) was receipted into the COVID Relief Grant Fund (CARES grant fund). A claim for payment was then prepared against the CARES grant fund for the reimbursement. The claim was receipted into the General Fund and the Local Road & Streets fund in the amounts of \$60 and \$64,600, respectively. The full amount should have been claimed to the General Fund or Option One of the Directive should have been followed for the portion claimed to the other funds. By not creating reversing entries, expenditure activities were reflected in the incorrect fund and did not re-establish appropriations.

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

The COVID Relief Grant Fund had a zero balance at year end.

*Criteria*

**All Reimbursements received from IFA shall be receipted into a separate CARES grant fund that is specific to IFA reimbursements. . . .**

Transactions for public health and safety payroll costs must be accounted for through one of these two prescribed options.

**Option One.** Reimbursements received from IFA shall be receipted into the separate CARES grant fund. The reimbursed amount for public health and safety payroll costs originally incurred in the general fund (or other fund) will be moved to the separate CARES grant fund through a reversing entry. This action will reinstate the general fund (or other fund) cash balance and re-appropriate the general fund (or other fund) in a similar manner to IC 6-1.1-18-9(1) for those disbursements. This reversal must be done in the same budget year that the original transaction was posted.

Once the disbursement is reversed within the general fund (or other fund), it must be posted as a disbursement in the separate CARES grant fund. Documentation must be maintained so the audit trail can be followed. The accounting system must tie the original claim for the disbursement to the separate CARES grant fund by specific reference or notation in a comment section.

Once option one is completed, the cash balance of the separate CARES grant fund will be zero. **No money shall remain in the separate CARES grant fund. . . .**

**Option Two.** Reimbursements received from IFA shall be receipted into the separate CARES grant fund. A claim will be created against the separate CARES grant fund for the reimbursed amount in favor of the general fund. This claim must be supported by documentation of the public health and safety payroll costs that have been expensed from the general fund or other funds.

The amount of the claim will be receipted into the general fund cash balance. Normal appropriation procedures will apply to these funds.

Once option two is completed, the cash balance of the separate CARES grant fund will be zero. **No money shall remain in the separate CARES grant fund. This option requires a resolution or ordinance as detailed in the memorandum CARES Reimbursement of Public Health and Safety Payroll Costs, September 30, 2020.**

(State Examiner Directive 2020-3)

# Town of New Carlisle

## Office of the Clerk-Treasurer

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October 12, 2023

State Board of Accounts  
302 Washington Street, Room E418  
Indianapolis, Indiana 46204-2765

Please accept this letter as the official response to the written comments of the State Board of Accounts Audit for the period ending December 31, 2022 and discussed at the Exit Conference on October 3, 2023.

We agree with the comments as stated in this report. While we have segregated duties in the receipting and balancing process, deficiency was identified in the documentation of the oversight and review process. The Town of New Carlisle works diligently to review all processes and procedures to identify updates required to existing internal controls, and areas requiring implementation of new internal controls, to ensure effective controls are in place to reduce the possibility of errors or misstatements and to promote accountability and transparency. The Town relies on the State Board of Accounts for review of compliance with Internal Controls as well as review of the financial records and reporting of the Town. We very much appreciate the Field Examiners, Audit Manager and Audit Coordinator and the assistance and constructive comments they provided.

We have thoroughly reviewed the comments provided regarding deficiency found in documentation of the oversight and review process for posting receipts from the handwritten duplicate receipts to the financial software and have implemented additional controls, as well as new documentation of controls in place, over that process. The new controls were implemented effective October 4, 2023, and will be reviewed periodically for efficiency and effectiveness as are all Internal Controls. A Corrective Action Plan has been written and filed with State Board of Accounts.

Sincerely,

A handwritten signature in black ink, appearing to read "Susan".

Susan I. Moffitt, CMO  
Clerk-Treasurer

124 E. Michigan Street, P.O. Box 6, New Carlisle, IN 46552 • Phone (574)654-3733  
•townofnewcarlisle.com

CLERK-TREASURER  
TOWN OF NEW CARLISLE  
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2023, with Susan I. Moffitt, Clerk-Treasurer; Marcy L. Kauffman, President of the Town Council; and Jill Doll, Deputy Clerk-Treasurer.