

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF BATTLE GROUND

TIPPECANOE COUNTY, INDIANA

January 1, 2018 to December 31, 2022



FILED

12/14/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Georgia Jones	01-01-18 to 12-31-23
President of the Town Council	Steven C. Egly	01-01-18 to 12-31-18
	Zach Raderstorf	01-01-19 to 12-31-19
	James Miller	01-01-20 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF BATTLE GROUND, TIPPECANOE COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Battle Ground (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 statement. 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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

November 29, 2023

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CLERK-TREASURER
TOWN OF BATTLE GROUND

CLERK-TREASURER
TOWN OF BATTLE GROUND
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

The same comment also appeared in prior Reports B43809 and B51367.

Condition and Context

There were control deficiencies in the internal control system of the Town related to receipts and financial close and reporting. The Town had not established an effective internal control system that had separated incompatible activities related to receipts or financial reporting.

Receipts

One employee was responsible for accepting payments, creating deposits, posting receipts, and reconciling. The Town did not have an oversight or review process in place to ensure the accuracy, completeness, timeliness, and classification of the receipts posted. The failure to establish internal controls could enable material misstatements to occur and remain undetected.

Financial Close and Reporting

The Clerk-Treasurer prepared and submitted the financial information into the Annual Financial Report (AFR) through the Indiana Gateway for Government Units financial reporting system, which was the source of the financial statements. The AFR was submitted by the Town without evidence of a review or oversight process to ensure the accuracy and completeness of the financial information submitted. The failure to establish internal controls could have enabled material misstatements to occur and remain undetected.

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. . . ."

Town of Battle Ground

100 College Street
PO Box 303
Battle Ground IN 47920

OFFICIAL RESPONSE

Date: November 29, 2023

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

Re: Audit Exit Conference

The Town of Battle Ground appreciates the option to file a response to the audit of years 2018-2022. We have attempted to comply with the repeat finding for Internal Controls – Receipts by creating two part time positions to substitute for a full-time employee. We will continue to improve compliance with further separation of duties so that one person has primary responsibility for receiving payments and the other has responsibility to verify deposits and create receipts. The reality of a small office is that there will be days when only one person is in the office and may be required to manage both duties. We will add additional oversight by Town Council members to help compensate for those times, and to also address the second finding to ensure oversight for the Annual Financial Report.

Thank you,



Georgia Jones
Clerk-Treasurer

CLERK-TREASURER
TOWN OF BATTLE GROUND
EXIT CONFERENCE

The contents of this report were discussed on November 29, 2023, with Greg Jones, Town Council member; James Miller, President of the Town Council; and Georgia Jones, Clerk-Treasurer.