

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF SEELYVILLE

VIGO COUNTY, INDIANA

January 1, 2018 to December 31, 2022



FILED

01/16/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Audit Results and Comments:	
Accounting of COVID-19 Grant Funds.....	6-7
Annual Financial Report.....	7-11
Bank Account Reconciliations.....	11-12
Capital Assets	12
Certification on Internal Control Standards	12-13
Conflict of Interest	13-14
Errors on Claims	14-15
Internal Controls.....	15-16
Monthly and Annual Uploads	16
Motor Vehicle Highway (MVH) - Restricted Fund	17
Exit Conference	18
Town Council:	
Audit Result and Comment:	
Training on Internal Control Standards	20
Exit Conference	21

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Cynthia K. Jones-Eisman Wayne Langman	01-01-18 to 12-10-19 12-11-19 to 12-31-23
President of the Town Council	Jennifer Long John Hendrix	01-01-18 to 12-31-19 01-01-20 to 12-31-23
Utility Office Manager	Tamara J. Caton	01-01-18 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 SEELYVILLE, VIGO COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Seelyville (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 28, 2023

(This page intentionally left blank.)

CLERK-TREASURER
TOWN OF SEELYVILLE

CLERK-TREASURER
TOWN OF SEELYVILLE
AUDIT RESULTS AND COMMENTS

ACCOUNTING OF COVID-19 GRANT FUNDS

Condition and Context

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

Indiana Finance Authority (IFA) administered reimbursements for public health and safety payroll costs, totaling \$26,770, were received in December 2020 and March 2021. The claims to the General Fund, as appropriate, were not completed until March 2021 and December 2021, respectively. At the time of receipt or soon thereafter, the expenditures upon which the reimbursements were based should have been reversed and recorded in the COVID Relief fund, or the reimbursed amount transferred through the claims process to the General Fund, which would have allowed the money to be expended for any general unit purpose. Either of these two methods would have allowed for the proper processing and recording of the CRF reimbursements.

Due to not processing the December 2020 reimbursement timely, the COVID Relief fund had a balance of \$13,846 as of December 31, 2020. The fund had a zero balance as of December 31, 2021.

Additionally, during 2021, the Town received \$153,840 from the Auditor of State for Retention Funds. These monies were deposited into the COVID Relief fund and commingled with the reimbursements from IFA. The Auditor of State funds were easily identifiable and were disbursed from the fund in 2021.

Finally, the Town received the non-payroll reimbursement from IFA, totaling \$262, into the COVID Relief fund in 2021. This amount should have been claimed to the General Fund, which would have allowed the money to be expended for any general unit purpose. However, it was claimed to the Water Utility Operating fund as the expenditures originated in that fund.

Criteria

Each local unit of government that receives an allocation from the Coronavirus Relief Fund administered by IFA shall establish a separate CARES grant fund with a fund number consistent with memorandum *Accounting and Appropriation of COVID-19 Grants, April 29, 2020* (updated September 29, 2020).

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

Reimbursed Public Health and Safety Payroll Costs

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.

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

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. . . .

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. . . .

(State Examiner Directive 2020-3)

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

ANNUAL FINANCIAL REPORT

Condition and Context

Financial, supplementary, 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 Town had not established effective internal controls over the AFR information entered into Gateway, which resulted in the following errors:

Financial Data

1. The General Fund 2020 receipts and ending cash and investments balance were overstated by \$12,281. For 2021, the beginning cash and investments balance and ending cash and investments balance were each overstated by \$12,281. For 2022, the beginning cash and investments balance and ending cash and investments balance were each overstated by \$12,281.
2. The Water Util Depreciation fund 2020 receipts and ending cash and investments balance were overstated by \$31,430. For 2021, the beginning cash and investments balance and ending cash and investments balance were each overstated by \$31,430. For 2022, the beginning cash and investments balance and ending cash and investments balance were each overstated by \$31,430.
3. The Water Debt Service Reserve fund 2020 receipts and ending cash and investments balance were understated by \$1,303. For 2021, the beginning cash and investments balance, receipts, and the ending cash and investments balance were understated by \$1,303, \$32, and \$1,335, respectively. For 2022, the beginning cash and investments balance, receipts, and disbursements were understated by \$1,335, \$3, and \$420,750, respectively, and the ending cash and investments balance was overstated by \$419,412.

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

4. The 2005 Water Ref Bond and Interest fund 2020 receipts, disbursements, and ending cash and investments balance were understated by \$252,293, \$27,749, and \$224,544, respectively. For 2021, the beginning cash and investments balance, receipts, disbursements, and ending cash and investments balance were understated by \$224,544, \$383,351, \$380,780, and \$227,115, respectively. For 2022, the beginning cash and investments balance, receipts, disbursements, and ending cash and investments balance were understated by \$227,115, \$5,662, \$197,730, and \$35,047, respectively.
5. The 2012 Water Bond and Interest fund 2020 receipts and ending cash and investments balance were understated by \$18,561 and \$107,668, respectively, and disbursements were overstated by \$89,107. For 2021, the beginning cash and investments balance, receipts, disbursements, and ending cash and investment balance were understated by \$107,668, \$98,086, \$98,736, and \$107,018, respectively. For 2022, the beginning cash and investments balance, receipts, disbursements, and ending cash and investments balance were understated by \$107,018, \$99,672, \$81,755, and \$124,935, respectively.
6. The Water Utility Operating fund 2020 receipts and ending cash and investments balance were overstated by \$143,081. For 2021, the beginning cash and investments balance and ending cash and investments balance were overstated by \$143,081 and \$470,634, respectively, and receipts and disbursements were understated by \$1,352,652 and \$1,680,205, respectively. For 2022, the beginning cash and investments balance and ending cash and investments balance were overstated by \$470,634.
7. The Wastewater Bond and Interest fund 2020 receipts, disbursements, and ending cash and investments balance were understated by \$58,058, \$6,750, and \$51,308, respectively. For 2021, the beginning cash and investments balance, receipts, disbursements, and ending cash and investment balance were understated by \$51,308, \$61,672, \$62,900, and \$50,080, respectively. For 2022, the beginning cash and investments balance, receipts, disbursements, and ending cash and investment balance were understated by \$50,080, \$63,770, \$54,450, and \$59,400, respectively.
8. The Motor Vehicle Highway fund 2021 receipts and ending cash and investments balance were overstated by \$23,408. For 2022, the beginning cash and investments balance and ending cash and investments balance were overstated by \$23,408.
9. The MVH Restricted fund 2020 receipts and ending cash and investments balance were incorrect by immaterial amounts. For 2021 beginning cash and investments balance, receipts and ending cash and investments balance were understated by \$13,947, \$21,585, and \$35,532, respectively. For 2022, the beginning cash and investments balance and ending cash and investments balance were understated by \$35,532.
10. The Payroll fund 2021 receipts, disbursements, and ending cash and investments balance were understated by \$559,597, \$487,786, and \$71,811, respectively. For 2022, the beginning cash and investments balance and ending cash and investments balance were understated by \$71,811.
11. The Community Crossings Matching Grant fund 2021 receipts, disbursements, and ending cash and investments balance were understated by \$36,000, \$21,150, and \$14,850, respectively. For 2022, the beginning cash and investments balance and ending cash and investments balance were understated by \$14,850.

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

12. The ARPA - Fiscal Recovery fund 2021 receipts, disbursements, and ending cash and investments balance were understated by \$114,015, \$9,689, and \$104,326, respectively. For 2022, the beginning cash and investments balance and ending cash and investments balance were understated by \$104,326.
13. In 2020, two other individually immaterial funds had net receipts and disbursements understated by \$644 and \$370, respectively, and net ending cash and investments balance was understated by \$274.
14. In 2021, three other individually immaterial funds had net ending cash and investments balance, receipts, disbursements, and net ending cash and investments balance understated by \$274, \$876, \$25, and \$1,125, respectively.
15. In 2022, three other individually immaterial funds had net ending cash and investments balance, receipts, and net ending cash and investments balance understated by \$1,125, \$2,095, and \$3,220, respectively.

Adjustments were proposed, accepted by the Town, and made to the financial statements and to the Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis presented as Required Supplementary Information in the Financial Statements Audit Report for the Town.

Capital Assets

The amounts reported for capital assets did not agree to the supporting documentation for 2018, 2019, 2020, 2021, and 2022. The Town has chosen to omit the Schedule of Capital Assets from the Financial Statements Audit Report for the Town.

Payables and Receivables

The amounts reported for account receivables for 2018, 2019, 2020, 2021, and 2022 did not agree to the supporting documentation provided.

Adjustments were proposed, accepted by the Town, and made to the Schedule of Payables and Receivables presented as Other Information in the Financial Statements Audit Report for the Town.

Leases and Debt

At December 31, 2018:

- Ending principal balance and principal due within one year amounts were omitted in the AFR for the Sewage Works Revenue Bonds of 2004, Waterworks Refunding Revenue Bonds of 2005, and Waterworks Revenue Bonds of 2012, understating ending principal balance by \$3,727,000 and principal due within one year by \$415,000.

At December 31, 2019:

1. For the Town's Sewage Works Revenue Bonds of 2004, the ending principal balance was understated by \$252,160 and the principal due within one year was overstated by \$18,581.

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

2. For the Town's Waterworks Refunding Revenue Bonds of 2005, the ending principal balance was understated by \$475,082 and the principal due within one year was overstated by \$78,662.
3. For the Town's Waterworks Revenue Bonds of 2012, the ending principal balance was understated by \$2,061,777 and the principal due within one year was overstated by \$57,805.

At December 31, 2020:

- The ending principal balance and principal due within one year amounts were omitted in the AFR for the Sewage Works Revenue Bonds of 2004, the Waterworks Refunding Revenue Bonds of 2005, and the Waterworks Revenue Bonds of 2012, understating ending principal balance by \$2,886,000 and principal due within one year by \$452,000.

At December 31, 2021:

1. For the Town's Sewage Works Revenue Bonds of 2004, the ending principal balance and the principal due within one year were understated by \$157,160 and \$50,000, respectively.
2. For the Town's Waterworks Refunding Revenue Bonds of 2005, the ending principal balance was overstated by \$224,918 and the principal due within one year was understated by \$185,000.
3. For the Town's Waterworks Revenue Bonds of 2012, the ending principal balance and the principal due within one year were understated by \$1,978,777 and \$43,000, respectively.

At December 31, 2022:

1. For the Town's Sewage Works Revenue Bonds of 2004, the ending principal balance and principal due within one year were understated by \$107,159 and \$55,000, respectively.
2. For the Town's Waterworks Refunding Revenue Bonds of 2005, the ending principal balance was overstated by \$409,918. This debt matured in 2022.
3. For the Town's Waterworks Revenue Bonds of 2012, the ending principal balance and principal due within one year were understated by \$1,935,777 and \$44,000, respectively.

Adjustments were proposed, accepted by the Town, and made to the Schedule of Leases and Debt presented as Other Information in the Financial Statements Audit Report for the Town.

Grant Schedule

At December 31, 2020:

1. The National Guard Military Operations and Maintenance (O&M) Projects was omitted causing the schedule to be understated by \$10,700.
2. The Coronavirus Relief Fund expenditures were overstated by \$13,846.

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

At December 31, 2021:

1. The National Guard Military Operations and Maintenance (O&M) Projects was omitted causing the schedule to be understated by \$6,688.
2. The Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii was omitted causing the schedule to be understated by \$36,000.
3. The grant schedule included \$150,000 in pass-through to subrecipient, overstating expenditures by \$150,000.

At December 31, 2022:

1. The National Guard Military Operations and Maintenance (O&M) Projects was omitted causing the schedule to be understated by \$8,236.
2. The Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii was omitted causing the schedule to be understated by \$24,000.
3. The grant schedule included \$69,465 in pass-through to subrecipient, overstating expenditures by \$69,465.

Adjustments were proposed, accepted by the Town, and made to the entries reported in Gateway. Since the Town did not expend the requisite amount of federal dollars during any year of the audit period, a Schedule of Expenditures of Federal Awards was not required to be reported.

In addition, the 2020 AFR for the Town was filed two days late.

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](#)."

BANK ACCOUNT RECONCILIATIONS

The same comment also appeared in prior Reports B44775 and B51961.

Condition and Context

Bank reconciliations were not being completed for the bond and interest and debt service reserve accounts related to the Sewage Works Revenue Bonds of 2004, Waterworks Refunding Revenue Bonds of 2005 (prior to maturity in 2022), and the Waterworks Revenue Bonds of 2012 for any of the 60 months of the audit period.

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

As of December 31, 2020 and 2022, the depository balance was greater than the Annual Financial Report ending balance by \$15,982 and \$8,159, respectively. As of December 31, 2021, the depository balance was less than the Annual Financial Report ending balance by \$18,879. The financial statements were not adjusted for these variances.

Criteria

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CAPITAL ASSETS

Condition and Context

The Town provided a capital asset listing; however, the listing did not include all assets owned by the Town and did not support the amounts reported in the Schedule of Capital Assets in the Annual Financial Report for all years of the audit period.

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 Town certified in the Indiana Gateway for Government Units financial reporting system that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the Town in 2018, 2019, and 2022; however, during the engagement, the training certifications could not be provided to support that personnel had received training concerning the internal control standards.

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

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](#)."

CONFLICT OF INTEREST

Condition and Context

The Town Council passed Resolution 2019-01-08 approving the purchase of a property by the Water Utility. The property was purchased from a business owned by a Town employee and her husband. Per review of Town Council minutes, a conflict-of-interest disclosure was not accepted by the Town Council and a disclosure was not filed with the Vigo County Clerk's office or with the Indiana State Board of Accounts through the Indiana Gateway for Government Units financial reporting system. It is our position that the Town employee should have filed a conflict-of-interest disclosure in accordance with Indiana Code 35-44.1-1-4.

Criteria

Indiana Code 35-44.1-1-4 states in part:

". . . (b) A public servant who knowingly or intentionally:

- (1) has a pecuniary interest in; or
- (2) derives a profit from;

a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Level 6 felony.

(c) It is not an offense under this section if any of the following apply: . . .

- (2) The public servant's interest in the contract or purchase and all other contracts and purchases made by the governmental entity during the twelve (12) months before the date of the contract or purchase was two hundred fifty dollars (\$250) or less. . . .

- (6) A public servant makes a disclosure that meets the requirements of subsection (d) or (e) and is . . .

(B) appointed by an elected public servant;

(C) employed by the governing body of a school corporation and the contract or purchase involves the employment of a dependent or the payment of fees to a dependent;

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

(D) elected; or

(E) a member of, or a person appointed by, the board of trustees of a state supported college or university. . . .

(d) A disclosure must:

(1) be in writing;

(2) describe the contract or purchase to be made by the governmental entity;

(3) describe the pecuniary interest that the public servant has in the contract or purchase;

(4) be affirmed under penalty of perjury;

(5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity before final action on the contract or purchase;

(6) be filed within fifteen (15) days after final action on the contract or purchase with:

(A) the state board of accounts; and

(B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

ERRORS ON CLAIMS

Condition and Context

During the testing of disbursements, we noted the noncompliance issues below:

- Two part-time employees were paid overtime pay for hours that did not exceed the standard, full-time pay period.
- Supporting documentation, including a timecard, was not provided for one employee.
- Supporting documentation for 13 claims was not provided for audit.
- Payment for 1 claim was recorded in the wrong fund.
- Transfers made during 2020, 2021, and 2022 were not posted correctly to the ledger.

Criteria

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

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

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

INTERNAL CONTROLS

A similar comment also appeared in prior Reports B44774, entitled *FINDING 2013-001 - INTERNAL CONTROLS AND COMPLIANCE OVER FINANCIAL TRANSACTIONS AND REPORTING*, and B51961, entitled *INTERNAL CONTROLS*.

Condition and Context

There were deficiencies in the internal control system of the Town related to financial close and reporting, cash and investments, and receipts. The Town had properly designed internal controls related to cash and investments, financial close and reporting, and receipts; however, the internal controls were not effective, or properly implemented, and allowed material misstatements to remain undetected.

Cash and Investments

One individual was responsible for completing the bank reconcilements, and another individual was responsible for the review and approval. However, the internal control was not effective as the Town did not perform bank reconcilements over the bond and interest and debt service reserve accounts. Material variances between the bank reconciliations and the Annual Financial Report (AFR) also remained undetected due to the ineffective internal control.

Financial Close and Reporting

One individual was responsible for compiling the AFR, and another individual was responsible for the review and approval; however, the internal control was not effective and allowed material misstatements to remain undetected.

Receipts

The Town had properly designed a system of internal controls related to non-utility receipts; however, verification of the internal controls being properly implemented could not be obtained.

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 SEELYVILLE
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. . . ."

MONTHLY AND ANNUAL UPLOADS

Condition and Context

The files and governmental unit information that are required to be uploaded monthly include the bank reconciliations, approved Town Council minutes, and the funds ledger, summarizing total receipts, disbursements, and balances by fund.

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 Town did not comply with the State Examiner Directive and failed to upload any of the annual files on the Indiana Gateway for Government Units financial reporting system for 2018 and 2019 and did not upload the Annual Payroll Report for 2021.

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, Updated November 5, 2020, and effective with uploads due February 14, 2021)

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)

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

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

Condition and Context

The Town did not allocate 50 percent of the distributions from the State Motor Vehicle Highway Account to the MVH Restricted fund for 22 of 48 state distributions received. One of the distributions was posted in full to the MVH and the MVH Restricted fund; therefore, it was not possible to determine if the Town used at least 50 percent of the state distributions for purposes specified in Indiana Code 8-14-1-5(c).

Criteria

Indiana Code 8-14-1-5(c) states in part: "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."

CLERK-TREASURER
TOWN OF SEELYVILLE
EXIT CONFERENCE

The contents of this report were discussed on December 28, 2023, with Wayne Langman, Clerk-Treasurer; Tamara J. Caton, Utility Office Manager; and John Hendrix, President of the Town Council.

TOWN COUNCIL
TOWN OF SEELYVILLE

TOWN COUNCIL
TOWN OF SEELYVILLE
AUDIT RESULT AND COMMENT

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

There was no evidence that Town employees whose official duties included receiving, processing, disbursing, or otherwise having access to funds that belonged to the Town, completed the training over the minimum internal control standards as defined by the Indiana State Board of Accounts.

Criteria

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

TOWN COUNCIL
TOWN OF SEELYVILLE
EXIT CONFERENCE

The contents of this report were discussed on December 28, 2023, with Wayne Langman, Clerk-Treasurer; Tamara J. Caton, Utility Office Manager; and John Hendrix, President of the Town Council.