

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF CENTERVILLE

WAYNE COUNTY, INDIANA

January 1, 2021 to December 31, 2022



**FILED**

12/20/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Susan E. Dillman (Vacant) Janice Roberts Richard K. Tincher	01-01-21 to 08-20-21 08-21-21 to 08-22-21 08-23-21 to 09-13-21 09-14-21 to 12-31-23
President of the Town Council	Daniel Wandersee	01-01-21 to 12-31-23
Superintendent of Utilities	Kevin Slick	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](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE TOWN OF CENTERVILLE, WAYNE COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Centerville (Town), for the period from January 1, 2021 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 Statement 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/](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.

A handwritten signature in blue ink that reads "Beth Kelley".

Beth Kelley, CPA, CFE  
Deputy State Examiner

December 11, 2023

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CLERK-TREASURER  
TOWN OF CENTERVILLE

CLERK-TREASURER  
TOWN OF CENTERVILLE  
AUDIT RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

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

*Leases and Debt*

1. The annual lease payment total was understated by \$7,411 for the period ending December 31, 2022.
2. The ending principal balance for debt was overstated in total by \$358,338 for the period ending December 31, 2022.
3. The principal due within one year for debt was overstated by \$68,000 for the period ending December 31, 2022.

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

*Schedule of Payables and Receivables and Schedule of Capital Assets*

The information presented for the Schedules of Payables and Receivables and the Schedule of Capital Assets was determined to be incorrect and was not included in the Financial Statement Audit Report of 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](#)."

**SUPPORTING DOCUMENTATION**

*Condition and Context*

Supporting documentation was not presented for 5 of the 205 debt payments tested.

*Criteria*

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employees. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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

**COMPENSATION AND BENEFITS**

*Condition and Context*

Police longevity was included in the payroll calculations twice for 2022 resulting in salary overpayments for police officers for 2022. On November 14, 2023, the Town Council voted to retroactively approve the amounts overpaid to police officers in 2022.

*Criteria*

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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)

**INTERNAL CONTROLS**

*Condition and Context*

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

*Disbursements*

The Town had not designed or implemented a system of internal controls, which would include appropriate segregation of duties that would likely be effective in preventing, or detecting and correcting, errors related to disbursements, including disbursements related to both debt payments and payroll.

*Financial Close and Reporting*

The Town had not designed or implemented a system of internal controls, which would include appropriate segregation of duties that would likely be effective in preventing, or detecting and correcting, errors related to disbursements and financial close and reporting.

The 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 statement. An oversight or review process had not been designed or implemented that would likely prevent, or detect and correct, errors on the financial statement.

*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 CENTERVILLE  
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. . . ."

## **CAPITAL ASSETS**

### *Condition and Context*

The Town did not have a detailed Capital Asset Ledger available for review that covered 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)

## **TRAINING AND CERTIFICATION ON INTERNAL CONTROL STANDARDS**

### *Condition and Context*

The Clerk-Treasurer incorrectly certified in the Town's Annual Financial Report that personnel had received training regarding internal control standards. Documentation was not provided to verify that all the Town's required personnel received the training on internal control standards.

### *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 CENTERVILLE  
EXIT CONFERENCE

The contents of this report were discussed on December 11, 2023, with Richard K. Tincher, Clerk-Treasurer; Dan Wandersee, President of the Town Council; and Sarah Rice, Deputy Clerk-Treasurer.

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TOWN COUNCIL  
TOWN OF CENTERVILLE

TOWN COUNCIL  
TOWN OF CENTERVILLE  
AUDIT RESULT AND COMMENT

**TRAINING ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

Documentation that training on internal control standards was provided to required personnel was not presented for audit.

*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 CENTERVILLE  
EXIT CONFERENCE

The contents of this report were discussed on December 11, 2023, with Richard K. Tincher, Clerk-Treasurer; Dan Wandersee, President of the Town Council; and Sarah Rice, Deputy Clerk-Treasurer.