

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF GREENS FORK

WAYNE COUNTY, INDIANA

January 1, 2018 to December 31, 2022



FILED
12/13/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Brenda Brown	01-01-18 to 12-31-23
President of the Town Council	Buddy Strunk	01-01-18 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF THE TOWN OF GREENS FORK, WAYNE COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Greens Fork (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.

Beth Kelley, CPA, CFE
Deputy State Examiner

November 29, 2023

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CLERK-TREASURER
TOWN OF GREENS FORK

CLERK-TREASURER
TOWN OF GREENS FORK
AUDIT RESULTS AND COMMENTS

MONTHLY AND ANNUAL UPLOADS

Condition and Context

The files and governmental unit information that are required to be uploaded monthly include the bank reconcilements, 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 Directives and failed to upload a substantial portion of the monthly and annual files on the Indiana Gateway for Government Units financial reporting system for 2018, 2019, 2020, 2021, and 2022.

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)

The following files and governmental unit information are required to be uploaded monthly by all units except as noted:

- Bank Reconcilements, Bank Statements, and Outstanding Check Lists
- Approved Board Minutes . . .
- Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund . . .

The following files and governmental unit information are required to be uploaded annually . . .

- Detail of Receipts for the year
- Detail of Disbursements for the year
- Current year Salary Ordinance (or Schedule) and Amendments . . .
- Annual Vendor History Report
- Annual Payroll History Report, without social security numbers
- Annual Funds Ledger, summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund . . .
- Optional: Excel Data Capture/Data Dump (in lieu of Detail of Receipts and Disbursements)

(Amended State Examiner Directive 2018-1)

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 GREENS FORK
AUDIT RESULTS AND COMMENTS
(Continued)

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

A similar comment also appeared in prior Report B50990, entitled *INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING*.

Condition and Context

Cash and Investments

There was no documented internal control in place over the review of monthly bank reconciliations. Bank reconciliations were performed by the Clerk-Treasurer; however, there was no documentation that reconciliations were reviewed by an individual other than the preparer.

Receipts

There was no documented internal control in place over the review of receipts. The same individual (Deputy Clerk-Treasurer) collected monies, recorded receipts, and prepared the deposit and deposited the monies at the bank.

Financial Close and Reporting

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

The financial information was compiled with the assistance of an outside consultant. The financial information was electronically submitted by the Clerk-Treasurer to the Indiana Gateway for Government Units financial reporting system, which was the source of the Town's Annual Financial Reports (AFR) and financial statements, but there was no documentation that the AFRs were reviewed by an individual other than the Clerk-Treasurer. Due to the lack of internal controls, the following errors occurred:

1. The Refuse Collection fund receipts and disbursements were understated by \$4,087 in 2019.
2. The BEP fund receipts, disbursements, and the ending cash and investments balance were understated by \$38,735, \$32,000, and \$6,735, respectively, in 2020. Disbursements were understated by \$6,735 in 2022.
3. The CARES Act fund receipts and disbursements were understated by \$43,687 in 2021.

Audit adjustments were proposed, accepted by the Town, and made to the financial statements.

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 GREENS FORK
AUDIT RESULTS AND COMMENTS
(Continued)

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. . . ."

ANNUAL FINANCIAL REPORT

Condition and Context

Financial, supplemental, 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 and Required Supplementary Information

1. The Refuse Collection fund receipts and disbursements were understated by \$4,087 in 2019.
2. The BEP fund receipts, disbursements, and the ending cash and investments balance were understated by \$38,735, \$32,000, and \$6,735, respectively, in 2020. Disbursements were understated by \$6,735 in 2022.
3. The CARES Act fund receipts and disbursements were understated by \$43,687 in 2021.

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

Accounts Payables and Receivables

The payables and receivables information entered into the AFR for the Schedule of Payables and Receivables was determined to be incorrect and was not presented as Other Information in the Financial Statements Audit Report of the Town.

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

Capital Assets

The ending balance of all capital assets at December 31, 2022, was understated by \$131,575.

Leases and Debt

1. A vehicle lease was omitted from the lease schedule causing annual lease payments to be understated by \$5,316.
2. Principal due within one year was overstated by \$682,420.

Audit adjustments were proposed, accepted by the Town, and made to the Schedule of Leases and Debt and the Schedule of Capital Assets presented as Other Information in the Financial Statements 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](#)."

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CLERK-TREASURER
TOWN OF GREENS FORK
EXIT CONFERENCE

The contents of this report were discussed on November 29, 2023, with Brenda Brown, Clerk-Treasurer, and Buddy Strunk, President of the Town Council.