

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF MORRISTOWN

SHELBY COUNTY, INDIANA

January 1, 2021 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                  | Donald Roberts  | 01-01-21 to 12-31-23 |
| President of the<br>Town Council | David Benefiel  | 01-01-21 to 12-31-23 |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF MORRISTOWN, SHELBY COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Morristown (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.

Beth Kelley, CPA, CFE  
Deputy State Examiner

December 11, 2023

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CLERK-TREASURER  
TOWN OF MORRISTOWN

CLERK-TREASURER  
TOWN OF MORRISTOWN  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

A similar comment appeared in prior Reports B53662 and B58187, entitled *INTERNAL CONTROLS*.

*Condition and Context*

There was a deficiency in the internal control system of the Town related to financial transactions and reporting. The Town had not established internal controls over financial close and reporting. The failure to establish these internal controls could have enabled material misstatements to occur and remain undetected.

*Financial Close and Reporting*

Financial information was entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Town's Annual Financial Report (AFR) and financial statement. The Clerk-Treasurer prepared and submitted the AFR into Gateway with no oversight, review, or approval process in place to prevent, or detect and correct, errors on the AFR.

*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. . . ."

CLERK-TREASURER  
TOWN OF MORRISTOWN  
EXIT CONFERENCE

The contents of this report were discussed on December 11, 2023, with Donald Roberts, Clerk-Treasurer, and David Benefiel, President of the Town Council.

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TOWN COUNCIL  
TOWN OF MORRISTOWN

TOWN COUNCIL  
TOWN OF MORRISTOWN  
AUDIT RESULT AND COMMENT

**CONSTRUCTION CHANGE ORDERS**

*Condition and Context*

The Town awarded a contract in the amount of \$2,749,910 which was modified with change orders totaling \$840,600, which is in excess of 20 percent of the original contracted amount. There was no documentation of an emergency or a circumstance that could not be reasonably foreseen documented in the Town Council's minutes or presented for audit.

*Criteria*

Indiana Code 36-1-12-18(d) states:

"The total of all change orders issued that increase the scope of the project may not exceed twenty percent (20%) of the amount of the original contract. A change order issued as a result of circumstances that could not have been reasonably foreseen does not increase the scope of the project."

TOWN COUNCIL  
TOWN OF MORRISTOWN  
EXIT CONFERENCE

The contents of this report were discussed on December 11, 2023, with Donald Roberts, Clerk-Treasurer, and David Benefiel, President of the Town Council.