

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

**Paul D. Joyce, CPA
State Examiner**

COMPLIANCE ENGAGEMENT REPORT

OF

TOWN OF WARREN PARK

MARION COUNTY, INDIANA

January 1, 2019 to December 31, 2023



FILED

04/14/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the Town Council	Steven Shilts	01-01-19 to 12-31-25
Clerk-Treasurer	Kelly Brogan	01-01-19 to 12-31-25



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE TOWN OF WARREN PARK, MARION COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Town of Warren Park (Town), for the period of January 1, 2019 to December 31, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Town as this engagement was not conducted in accordance with any standards established by an authoritative standard-setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the comments incorporated within this report was not verified for accuracy.

The Schedule of Officials is informational only. The Statements of Receipts, Disbursements, and Schedule of Cash and Investment Balances - Regulatory Basis have not been included in this report due to the issues detailed in the Comments below.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Town's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Kelly Brogan, Clerk-Treasurer, and Steven Shilts, President of Town Council, on March 19, 2025.



Beth Kelley, CPA, CFE
Deputy State Examiner

March 17, 2025

TOWN OF WARREN PARK
COMMENTS

INTERNAL CONTROLS

A similar comment appeared in prior Report B53688.

Condition and Context

Internal control deficiencies resulted in noncompliance over condition of records; the Annual Financial Report (AFR); bank account reconciliations; overdrawn cash balances; loans between funds and fund transfers; late submission of the 100R certified report; the Motor Vehicle Highway - Restricted Fund; monthly and annual uploads; training and certification on internal control standards; capital assets; prescribed forms and timely deposits; supporting documentation and approval of payroll; investments; penalties, interest, and other charges; nepotism certification; and contracting certification, as detailed further in the comments below.

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. . . ."

CONDITION OF RECORDS

A similar comment appeared in prior Reports B48310 and B53688.

Condition and Context

The Town did not maintain ledgers for the years 2019-2023. The Ledger of Receipts, Disbursements and Balances, City or Town Form No. 208 or the Ledger of Appropriations, Encumbrances, Disbursements and Balances, City or Town Form No. 209 were not being used by the Town nor were any equivalent forms used instead of these prescribed forms.

In addition, the Town did not use or provide the following prescribed forms or any equivalent forms:

- Clerk-Treasurer's Receipt (Town Form No 217)
- Register of Investments (General Form No. 350)

TOWN OF WARREN PARK
COMMENTS
(Continued)

- Payroll Schedule and Voucher (General Form No. 99)
- Employee's Service Record (General Form No. 99A)
- Employee's Earnings Record (General Form No. 99B)

The Clerk-Treasurer prepared a monthly financial report which was submitted to the Town Council. These reports, along with the monthly bank statements, were used to evaluate annual financial activity for each fund.

Criteria

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

ANNUAL FINANCIAL REPORT

A similar comment also appeared in prior Report B53688.

Condition and Context

Internal controls were not in place to ensure the Annual Financial Reports (AFRs) submitted on the Indiana Gateway for Government Units (Gateway) financial reporting system were accurate and submitted timely.

The Clerk-Treasurer did not maintain a ledger with a running balance showing detailed receipt and disbursement activity by fund. A monthly financial report was prepared for the Town Council. This report included receipt and disbursement activity by fund for the month, disbursements clearing the bank, and bank and investment balances. These reports, along with monthly bank statements and claim vouchers, were used to evaluate annual financial activity reported on the AFRs.

The beginning balance reported in the AFR on January 1, 2019, was \$114,251 more than the amount recorded in the prior report on December 31, 2018. No explanation or documentation was provided for this change. This amount was not reflected in bank activity or on the monthly financial reports. A proposed adjustment was offered to the Clerk-Treasurer.

A comparison of bank activity to amounts reported on the monthly financial reports indicated revenue was not included in the AFRs over the five-year engagement period of \$28,449. This was attributed to state and local distributions of \$24,228, interest from savings and certificates of deposit of \$3,628, and miscellaneous refunds from the Town's payroll service of \$593.

TOWN OF WARREN PARK
COMMENTS
(Continued)

The Town's AFRs for 2019-2023 were not submitted timely as noted in the following schedule:

<u>Year</u>	<u>Date Filed</u>	<u>Days Past Due</u>
2019	July 6, 2020	126
2020	April 6, 2021	36
2021	April 3, 2022	33
2022	April 4, 2023	34
2023	March 27, 2024	27

Other Information

Investment activity reported on Gateway as part of the AFR was not accurate. All investments consist of certificates of deposit (CDs). The schedules below show the amounts reported on Gateway compared to the amounts reported on the Town's monthly financial reports. The amounts reported on the AFRs for 2019-2022 reconcile with bank statement activity. For December 31, 2023, bank activity shows the CD balance of approximately \$326,183.

Investments reported on AFR/Investment statement:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
MVH	\$ 386,356	\$ 386,356	\$ 386,356	\$ 386,356	\$ 386,356
LR&S	<u>260,373</u>	<u>260,373</u>	<u>260,373</u>	<u>260,373</u>	<u>260,373</u>
Totals	<u>\$ 646,729</u>	<u>\$ 646,729</u>	<u>\$ 646,729</u>	<u>\$ 646,729</u>	<u>\$ 646,729</u>

Per monthly financial reports:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
MVH	\$ 386,336	\$ 386,336	\$ 386,336	\$ 386,336	\$ 150,618
LR&S	<u>168,183</u>	<u>168,183</u>	<u>168,183</u>	<u>168,183</u>	<u>160,183</u>
Totals	<u>\$ 554,519</u>	<u>\$ 554,519</u>	<u>\$ 554,519</u>	<u>\$ 554,519</u>	<u>\$ 310,801</u>

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 as set forth in the uniform compliance guidelines. 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](#)."

The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Cities and Towns, Chapter 1)

TOWN OF WARREN PARK
COMMENTS
(Continued)

BANK ACCOUNT RECONCILIATIONS

The same comment also appeared in prior Report B53688.

Condition and Context

Internal controls were not in place to ensure compliance over bank account reconciliations. The Clerk-Treasurer provided monthly reports to the Town Council showing bank balances, but since no ledger was maintained, the Town was unable to perform a proper reconciliation each month of the bank balances to the accounting records.

Year-end bank reconciliations were prepared by the Indiana State Board of Accounts. The following differences were identified between the adjusted bank balances and Annual Financial Reports (AFR) adjusted for the undocumented increase in the cash and investment balance from December 31, 2018 to January 1, 2019, as discussed above:

	2019	2020	2021	2022	2023
Bank Balance	\$ 731,953	\$ 711,059	\$ 739,098	\$ 749,473	\$ 755,415
AFR	730,196	700,667	717,028	730,400	732,714
Differences	\$ 1,757	\$ 10,392	\$ 22,070	\$ 19,073	\$ 22,701

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."

OVERDRAWN CASH BALANCES

The same comment also appeared in prior Report B53688.

Condition and Context

Internal controls were not in place to ensure fund balances were not overdrawn. The cash balances of the General fund reported in the Annual Financial Reports adjusted for the undocumented increase in cash and investment balance from December 31, 2018 to January 1, 2019, as discussed above, were overdrawn by the following amounts:

General Fund	Amount Overdrawn
2019	\$ 66,702
2020	50,703
2021	48,564
2022	26,887
2023	17,214

The Police fund was also overdrawn by \$180 at December 31, 2023.

TOWN OF WARREN PARK
COMMENTS
(Continued)

Criteria

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

LOAN BETWEEN FUNDS AND FUND TRANSFERS

Condition and Context

Internal controls were not in place to ensure compliance over interfund loans and fund transfers. The Town reported interfund loans and transfers as part of its Annual Financial Reports (AFR) submitted on the Indiana Gateway for Government Units financial reporting system. Interfund loans were reported in 2020 between the Motor Vehicle Highway (MVH) and the Local Road and Street (LR&S) funds of \$32,500 each to the General fund (\$65,000 in total). There is no record of these loans being repaid. There was no ordinance or resolution provided approving this transaction.

Transfers were made from the MVH and the LR&S funds to the General fund each year per the Town's AFRs. No ordinance or resolution was provided approving these transactions. Transfers exceeded the \$40,000 permitted by Indiana Code. Amounts transferred were as follows:

	2019	2020	2021	2022	2023
MVH	\$ 20,000	\$ 20,000	\$ 40,000	\$ 40,000	\$ 40,000
LR&S	20,000	20,000	10,000	40,000	40,000

Criteria

Indiana Code 36-1-8-4 states in part:

"(a) . . .

- (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs.
- (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . .

(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following:

- (1) Passes an ordinance or a resolution that contains the following:
 - (A) A statement that the fiscal body has determined that an emergency exists.
 - (B) A brief description of the grounds for the emergency.
 - (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.

TOWN OF WARREN PARK
COMMENTS
(Continued)

- (2) Immediately forwards the ordinance or resolution to the state board of accounts and the department of local government finance."

Indiana Code 36-5-4-13(b) states:

"(b) Except as provided in subsection (c), this subsection applies to a town having a population of more than five hundred (500) but less than two thousand (2,000). Notwithstanding IC 8-14-1 and IC 8-14-2, a town may transfer money distributed to the town from:

- (1) the motor vehicle highway account under IC 8-14-1;
- (2) the local road and street account under IC 8-14-2; or
- (3) the:
 - (A) Motor vehicle highway account under IC 8-14-1; and
 - (B) local road and street account under IC 8-14-2;

to any other town fund after the passage of an ordinance or a resolution by the town legislative body that specifies the amount of the transfer, the funds involved, the date of the transfer, and the general purpose of the transfer. However, the total amount of all money transferred by a town under this subsection may not exceed forty thousand dollars (\$40,000)."

100R - CERTIFIED REPORT FILED AFTER DUE DATE

Condition and Context

Internal controls were not in place to ensure that the Town submitted its Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R) timely. The reports for 2019, 2020, and 2021, as noted in the following schedule, were filed after the deadline:

<u>Year</u>	<u>Date Filed</u>	<u>Days Past Due</u>
2019	July 5, 2020	156
2020	April 6, 2021	64
2021	April 4, 2022	63

TOWN OF WARREN PARK
 COMMENTS
 (Continued)

Criteria

Indiana Code 5-11-13-1(b) states:

"Each audited entity shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of the officers, employees, and agents of the audited entity. The report shall indicate the respective duties and compensation of each officer, employee, and agent of the audited entity. The audited entity shall file the report in the office of the state examiner of the state board of accounts. The report must also indicate whether the political subdivision offers a health plan, a pension, and other benefits to full-time and part-time employees. However, no more than one (1) report covering the same officers, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year. The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

Condition and Context

Internal controls were not in place to ensure the Town allocated money properly between funds. The Town had not established a separate Motor Vehicle Highway - Restricted fund and had not allocated 50 percent of revenue to be used for the construction, reconstruction, and preservation of roads.

	2019	2020	2021	2022	2023
Total MVH Received	\$ 63,701	\$ 56,180	\$ 62,090	\$ 62,861	\$ 64,170
50% to be allocated to Restricted	31,851	28,090	31,045	31,431	32,085

Criteria

Indiana Code 8-14-1-5(c) states: "Except as provided in subsection (d), 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."

The purpose of this Directive is to authorize and require counties, cities, and towns that receive distributions from the State Motor Vehicle Highway Account to **create a new sub-fund within the MVH Fund** to properly manage and account for the usage restrictions that were included in House Enrolled Act 1002-2017 and House Enrolled Act 1290-2018.

The sub-fund will be referred to throughout this Directive as "MVH Restricted" and will be used to account for MVH monies which have been statutorily restricted for construction, reconstruction, and preservation purposes. . . .

Starting on January 1, 2019, the political subdivision must post at the time of receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted.

(State Examiner Directive 2018-2)

TOWN OF WARREN PARK
COMMENTS
(Continued)

MONTHLY AND ANNUAL UPLOADS

Condition and Context

Internal controls were not in place to ensure compliance with State Examiner Directive 2018-1 as amended. The Town had not uploaded any of the required monthly or annual uploads during 2019 through 2023.

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

Annual upload requirements include year-end investment statements, detail of receipt activity, detail of disbursement activity, current year salary ordinance, and annual vendor history report.

Criteria

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 9, 2020, and effective with uploads due February 15, 2021; Updated October 30, 2023, effective with the December 2023 monthly uploads due February 15, 2024, and the 2023 annual uploads due March 1, 2024)

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)

TRAINING ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B53688.

Condition and Context

Internal controls were not in place to ensure the Town maintained appropriate documentation verifying required personnel received the internal control training.

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 OF WARREN PARK
COMMENTS
(Continued)

CERTIFICATION ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B53688.

Condition and Context

Internal controls were not in place to ensure the Town correctly certified on the Indiana Gateway for Government Units financial reporting system whether appropriate personnel received training on internal control standards as required. No documentation was available to certify that training had been received.

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 as set forth in the uniform compliance guidelines. 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](#)."

CAPITAL ASSETS

Condition and Context

Internal controls did not ensure that the Town had a capital asset policy in place that included a threshold for determining what is considered a capital asset. No capital asset ledger was provided for review during the engagement. There was no evidence that an inventory of capital assets was taken at least every two years. Total capital assets reported for 2023 were \$27,689 under machinery, equipment and vehicles.

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)

PRESCRIBED FORMS AND TIMELY DEPOSITS

Condition and Context

Internal controls were not in place to ensure timely deposit of revenue received. As reported in the *Condition of Records* issue above, receipts were not being written by the Town. Deposit documentation showed that quarterly payments received from Comcast were not being deposited in a timely manner. There were several instances where these payments were deposited together. For example, a payment of \$5,412 for the quarter ended December 31, 2019, dated February 3, 2020, was deposited May 16, 2020, along with a payment for the quarter ended March 31, 2020, dated May 1, 2020. The payment for the quarter ended June 30, 2020, of \$5,045, dated August 8, 2020, was deposited November 14, 2020, along with the payment for quarter ended September 30, 2020, which was dated November 2, 2020.

TOWN OF WARREN PARK
COMMENTS
(Continued)

Criteria

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Indiana Code 5-13-6-1(d) states in part:

"Except as provided in subsection (g), a city . . . or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories:

- (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and
- (2) approved as depositories of state funds."

Indiana Code 5-13-6-1(g) states in part:

"The following are not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars (\$500): . . .

- (2) A local officer of a political subdivision required to deposit funds under subsection (c) other than a township trustee.
- (3) A city or a town required to deposit funds under subsection (d)."

SUPPORTING DOCUMENTATION AND APPROVAL OF PAYROLL

Condition and Context

Internal controls were not in place to ensure supporting documentation related to payroll was maintained. Payroll disbursements were not approved through the voucher process. January 2020 was the last month vouchers were regularly prepared for payroll expenses.

The Town uses a payroll service to administer payroll. Payments are made to the payroll service through electronic funds transfers and were traced to the bank statements, but no supporting detail was provided. No approved salary ordinances, employee service records, timesheets, or contracts with the Town Attorney were provided. Tax documents were also not provided to show that tax withholdings submitted to the payroll company were properly remitted to federal or state agencies.

According to Town Council minutes, the position of Street Superintendent was taken over by the Town Marshall beginning in April 2022. There were no time records provided showing a breakdown of time worked for each position.

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 employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TOWN OF WARREN PARK
COMMENTS
(Continued)

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:

- (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.
- (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. . . ."

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)

Indiana Code 5-11-9-4(b) states:

"The state board of accounts shall require that records be maintained showing which hours were worked each day by officers and employees:

- (1) covered by section 1 or 2 of this chapter; and
- (2) employed by more than one (1) public agency or in more than one (1) position by the same public agency described in section 1 or 2 of this chapter."

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employee's Service Record
General Form 99B, Employee's Earnings Record
General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TOWN OF WARREN PARK
COMMENTS
(Continued)

INVESTMENTS

The same comment also appeared in prior Report B53688.

Condition and Context

Internal controls were not in place to ensure compliance over investment activity. The following issues were identified concerning investments:

- The Town did not maintain a Register of Investments (General Form No. 350).
- Interest earned on several certificates of deposit was accumulated and not recorded or reported on the Annual Financial Report (AFR).
- Interest earned on the savings account was not recorded or reported on the AFR.

Total interest not included on the AFRs over all five years was \$3,258 from certificates of deposit and \$370 from savings accounts for a total of \$3,628.

Criteria

Interest on investments should not be added automatically to the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

PENALTIES, INTEREST, AND OTHER CHARGES

Condition and Context

Internal controls were not in place to prevent the incurrence and payment of penalties and interest. During the disbursement test, one voucher to the Indiana Department of Workforce Development included a payment of \$7.66 in penalties and \$0.77 in interest.

Another voucher for street lighting included a disconnect notice if not paid, but no late fees appeared to be associated with this payment.

Criteria

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TOWN OF WARREN PARK
COMMENTS
(Continued)

NEPOTISM CERTIFICATION

Condition and Context

Internal controls were not in place to ensure each elected officer certified in writing that the officer had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2019, 2020, 2021, 2022, and 2023.

Criteria

Indiana Code 36-1-20.2-16 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer has not violated this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

CONTRACTING CERTIFICATION

Condition and Context

Internal controls were not in place to ensure each elected officer certified in writing that the officer had not violated Indiana Code 36-1-21 (Contracting with a Unit) by December 31, 2019, 2020, 2021, 2022, and 2023.

Criteria

Indiana Code 36-1-21-6 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer is in compliance with this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."