

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF MORGANTOWN

MORGAN COUNTY, INDIANA

January 1, 2020 to December 31, 2023



**FILED**  
11/12/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sharon McIntosh	01-01-20 to 12-31-24
President of the Town Council	Penny Anderson	01-01-20 to 01-08-23
	Courtney Allen	01-09-23 to 01-07-24
	Joe Blevins	01-08-24 to 12-31-24



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF MORGANTOWN, MORGAN COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Morgantown (Town), for the period from January 1, 2020 to December 31, 2023. 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/](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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE  
Deputy State Examiner

October 23, 2024

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CLERK-TREASURER  
TOWN OF MORGANTOWN

CLERK-TREASURER  
TOWN OF MORGANTOWN  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

*Condition and Context*

There were deficiencies in the internal control system for the Town related to receipts and financial transactions and reporting. The Town had not separated incompatible activities related to receipts and financial transactions and reporting. The failure to establish and maintain internal controls could enable material misstatements or irregularities to remain undetected.

*Receipts*

The Town had not implemented an adequate documented system of internal controls related to daily receipts and invoice cloud activity. There was no documented evidence of an oversight, review, or approval process for the receipt activity.

*Financial Close and Reporting*

During the review of the Annual Financial Reports and supporting documentation, there was no documented evidence of an oversight, review, or approval process.

*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. . . ."

# Town of Morgantown

*Office of Clerk Treasurer / Sharon McIntosh*

*120 W. Washington St / P O Box 416 Morgantown IN 46160*

*Phone: 812-597-4626 Fax: 812-597-6027*

## OFFICIAL RESPONSE

October 28, 2024

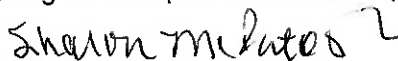
Indiana State Board of Accounts  
302 West Washington St. Room E418  
Indianapolis, IN 46204-2765

Re: Official Response

Joe Blevins  
Town Council President

To: The Officials of the State Board of Accounts

Changes concerning Internal Controls for the Town of Morgantown have been implemented beginning in September of 2023. The Council became aware that they as the Official Board were not able to monitor the Utility Clerk and did not understand the Clerk's requirements set by the SBOA in monitoring the Utilities. The Utility Clerk was under the Town Council's supervision between 2014 to September 2023. In September of 2023, the Council President asked the Clerk Treasurer if she would be willing to take back supervision of the Utilities. Since the previous Utility Clerk had left Town employment, this was an opportunity for the Clerk Treasurer in taking over the Utilities to hire her own employee as, a Deputy Clerk. This change made for a better working relationship in addressing the deficiencies within the office. At this time, the Internal Controls were updated to respond to a combination of deficiencies related to receipts and financial reporting. As part of the corrections the Deputy Clerk reviews, initials and dates all receipts as well as the Clerk Treasurer. This allows for both persons to have their eyes on the receipts. All cash before deposited at the Bank must be counted, initialed and dated on the deposit slip by the Clerk Treasurer as well as the Deputy Clerk. The Clerk Treasurer will have the Council President to initials and date the reporting of the Annual Report. The Council receives a copy of the report in their monthly packet and this is listed in the meeting minutes. These changes made to the Town's internal control system should provide to the SBOA the Town's effort to identify all deficiencies in Internal Controls concerning the receipts and financial reporting.



Town of Morgantown  
Clerk Treasurer  
Sharon McIntosh  
120 W Washington Street, PO Box 416  
Morgantown Indiana 46160

CLERK-TREASURER  
TOWN OF MORGANTOWN  
EXIT CONFERENCE

The contents of this report were discussed on October 23, 2024, with Sharon McIntosh, Clerk-Treasurer, and Joe Blevins, President of the Town Council.