

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF DALEVILLE

DELAWARE COUNTY, INDIANA

January 1, 2021 to December 31, 2022



FILED
09/17/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk Treasurer:	
Audit Results and Comments:	
Internal Controls over Financial Close and Reporting	6
Annual Financial Report.....	7-8
Exit Conference	9

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Amy Roberts	01-01-21 to 12-31-24
President of the Town Council	Tom Roberts	01-01-21 to 12-31-23
	Adam Jones	01-01-24 to 12-31-24



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

TO: THE OFFICIALS OF THE TOWN OF DALEVILLE, DELAWARE COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Daleville (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/.

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

August 19, 2024

(This page intentionally left blank.)

CLERK-TREASURER
TOWN OF DALEVILLE

CLERK-TREASURER
TOWN OF DALEVILLE
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL CLOSE AND REPORTING

Condition and Context

There were deficiencies in the internal control system of the Town related to financial close and reporting. The Town had properly designed internal controls over financial close and reporting; however, the internal controls were not effective, or properly implemented, and allowed material misstatements to remain undetected.

Due to the lack of effective internal controls, the financial statement presented for audit contained the following errors in 2022:

- The SRF SW Reserve fund receipts and December 31, 2022 cash balance were understated by \$3,472.
- The SRF SW Fund receipts were understated by \$1,041,511; disbursements were understated by \$497,885; and the December 31, 2022 cash balance was understated by \$543,626.
- The SRF SW Bond & Interest fund receipts and December 31, 2022 cash balance were understated by \$10,624.

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

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](#)."

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 DALEVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

ANNUAL FINANCIAL REPORT

Condition and Context

Financial Statement and Supplementary Information

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:

- The SRF SW Reserve fund receipts and December 31, 2022 cash balance were understated by \$3,472.
- The SRF SW Fund receipts were understated by \$1,041,511; disbursements were understated by \$497,885; and the December 31, 2022 cash balance was understated by \$543,626.
- The SRF SW Bond & Interest fund receipts and December 31, 2022 cash balance were understated by \$10,624.

The errors noted above were corrected by the Town in the AFR submitted via Gateway and resubmitted.

Accounts Payable/Accounts Receivable Schedule

Documentation to support the accounts payable and accounts receivable information entered into the AFR in Gateway for 2021 and 2022 was not available; therefore, we could not verify the accuracy of the information.

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](#)."

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.

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

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 DALEVILLE
EXIT CONFERENCE

The contents of this report were discussed on August 19, 2024, with Amy Roberts, Clerk-Treasurer; Tom Roberts, Town Board member; Bill Walters, Town Board member; and Steve Brogan, Town Board member.