

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

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

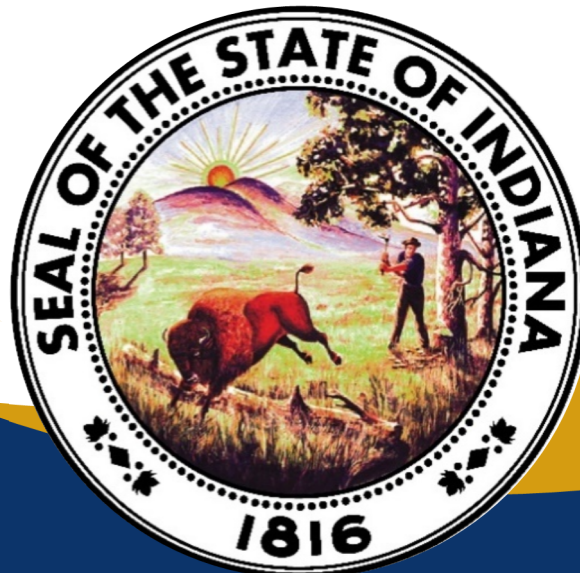
SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF OXFORD

BENTON COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED

02/11/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Christie Hale	01-01-23 to 02-15-24
	(Vacant)	02-16-24 to 03-17-24
	Deanna Sutherlin	03-18-24 to 09-30-24
	Tina Porter	10-01-24 to 12-31-25
President of the Town Council	Russell Hoaks	01-01-23 to 12-31-24
	Tina Coffman	01-01-25 to 12-31-25



Paul D. Joyce, CPA
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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE TOWN OF OXFORD, BENTON COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Oxford (Town), for the period from January 1, 2023 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 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.

Beth Kelley, CPA, CFE
Deputy State Examiner

January 30, 2025



CLERK-TREASURER
TOWN OF OXFORD

CLERK-TREASURER
TOWN OF OXFORD
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

The same comment also appeared in prior Reports B55887 and 000000511S.

Condition and Context

There were deficiencies in the internal control system of the Town related to financial transactions and reporting. The Town had not designed or implemented a system of effective internal controls related to financial close and reporting, cash and investments, and receipts. The failure to establish internal controls could have enabled material misstatements to occur and remain undetected.

Financial Close and Reporting

The Town did not have a system of internal controls over the preparation of the Annual Financial Report (AFR) entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the financial statement. The Clerk-Treasurer entered and submitted the AFR without evidence of an oversight or review process to ensure the accuracy and completeness of the information submitted.

Cash and Investments

Monthly bank reconciliations were prepared by an individual or a consultant without evidence of an oversight or review process to ensure the accuracy and completeness of cash and investments.

Receipts

The Town had a review process in place over the issuance of receipts and deposit of collections. However, evidence that the review process was properly implemented was not provided.

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 OXFORD
AUDIT RESULTS AND COMMENTS
(Continued)

INTERNAL CONTROLS - COMPLIANCE

Condition and Context

Internal control deficiencies resulted in noncompliance over:

- Utility Collections
- Annual Financial Report
- Accounts Payable Voucher Deficiencies
- Utility Billings
- Capital Assets
- Annual Uploads
- Annual Financial Report Late Submission

These internal control deficiencies are further detailed 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:

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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. . . ."

UTILITY COLLECTIONS

Condition and Context

Internal controls were not in place over utility receipting to ensure the accurate recording of collections to the proper fund. The following deficiencies were noted:

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

- The Town bills and collects for water, sewage, stormwater, and trash services. The collections received are to be recorded in the respective Water Utility Operating, Sewage Utility Operating, Stormwater Operating, and General funds to support the related costs of the services provided. The utility collections were determined to not have been posted to the proper operating fund. This resulted in the overstatement of the Sewage Utility Operating fund receipts and ending cash and investment balance by \$361,387 and an understatement of the receipts and ending cash and investment balances of the Stormwater Operating, General, and Water Utility Operating funds by \$2,412, \$76,715, and \$282,260, respectively.

In April 2024, the Town receipted \$76,715 and \$282,260 to the General and Water Utility Operating funds, respectively, that was disbursed from the Sewage Utility Operating fund to correct the posting error. A correction of the \$2,412 Stormwater Operating fund error was not completed.

- Utility collections were posted to customer accounts upon receiving payments. However, the collections were not posted to the ledger until the end of the month.
- The Town could not provide duplicate receipts for two utility receipts, totaling \$38,314.

Criteria

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)

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

ANNUAL FINANCIAL REPORT

A similar comment also appeared in prior Report 00000511S, entitled *ANNUAL FINANCIAL REPORT - OTHER INFORMATION*.

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

Condition and Context

The Annual Financial Report (AFR) is required to be submitted annually via the Indiana Gateway for Government Units financial reporting system, which was the source of the financial statement. The Town had not established effective internal controls over the AFR information, which resulted in the following errors:

Financial Data by Fund and Combining Schedule

The utility collections were not posted to the proper funds, as noted in the *Utility Collections* comment above, which resulted in the overstatement of the Sewage Utility Operating fund receipts and ending cash and investment balance by \$361,387 and an understatement of the receipts and ending cash and investment balances of the Stormwater Operating, General, and Water Utility Operating funds by \$2,412, \$76,715, and \$282,260, respectively.

Adjustments were proposed, accepted by the Town, and made to the financial statement and the Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis presented as Other Information in the Financial Statement Audit Report of the Town for the overstatement of the Sewage Utility Operating fund receipts and understatement of the Water Utility Operating fund receipts for \$282,260. The financial statement and the Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis presented as Other Information in the Financial Statement Audit Report of the Town were not adjusted for the remaining \$79,127 posting error.

Debt

In August 2022, the Town entered into a promissory note agreement with Benton County for a loan not to exceed \$707,000 at 0 percent interest for the Town's Water Infrastructure Project. The AFR omitted the information for the loan, which understated the ending principal balance by \$384,530. Adjustments were proposed, accepted by the Town, and made to the Schedule of Leases and Debt presented as Other Information in the Financial Statement Audit Report of the Town.

Capital Assets

Amounts were reported in the AFR for the value of the capital assets owned by the Town. The Town reported values for the Governmental Activities, Stormwater Utility, Sewage Utility, and Water Utility of \$2,293,350, \$513,629, \$10,562,789, and \$2,115,461, respectively, for a total of \$15,485,229. However, we could not determine the validity of the amounts reported since a complete detailed listing of capital assets was not provided. The Town approved the omission of the Schedule of Capital Assets from the Financial Statement Audit Report of the Town.

Accounts Payable and Accounts Receivable

The Town reported \$28,511 of accounts payable for governmental activities in the AFR. The Town reported accounts receivable for Governmental Activities and the Water Utility of \$76,715 and \$282,260, respectively, in the AFR. However, we could not determine the validity of the amounts reported since supporting documentation was not provided. In addition, no amounts for the accounts receivable balances of the Sewage and Stormwater Utilities were reported. The Town approved the omission of the Schedule of Payables and Receivables from the Financial Statement Audit Report of the Town.

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

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](#)."

ACCOUNTS PAYABLE VOUCHER DEFICIENCIES

Condition and Context

Internal controls were not in place to ensure all disbursements were supported by a properly completed and approved accounts payable voucher (APV).

Vendor

Disbursements are to be supported by a fully itemized invoice and a claim, which is also called an APV. The APV is the required prescribed form to document the fiscal officer certification and governing board allowance. The fiscal officer and governing board have the choice to either sign each APV individually or an APV register. Of the 33 vendor payments tested for compliance, the following errors were noted:

- The APVs were not provided for 25 disbursements tested, totaling \$77,647.
- Supporting documentation was not provided for 20 APVs tested, totaling \$75,526.
- Proper allowances by the governing board could not be determined for 21 APVs tested, totaling \$71,583.

Payroll

Of the 12 individual paychecks tested, the following five errors were noted:

- The salary ordinance for the Clerk-Treasurer included a base biweekly rate and an additional \$1,500 per year for obtaining certifications. The Clerk-Treasurer was paid for obtaining three certifications; however, supporting documentation could not be provided for two of the certifications.
- The Town Marshall did not have a timesheet as required.
- For three employees tested, the salary ordinance included an hourly rate of pay. However, the time card provided a flat rate of pay without a calculation of the pay based on the actual hours worked times the approved rate of pay.

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

Criteria

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. . . ."

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)

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

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

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)

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)

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

UTILITY BILLINGS

A similar comment appeared in a Management Letter addressed to Town Officials for the audit period ending December 31, 2022.

Condition and Context

Internal controls were not in place to ensure the timely and proper billing for utility services. The Town has established policies and rates for the billing of water, sewer, stormwater, and trash services.

Chapter 51.02 of the Town Code states in part:

"(A) The rates and charges shall be prepared and billed by the town monthly, as the town may deem appropriate and as determined by the bylaws and regulations of the town as hereinafter provided for, and shall be collected in the manner provided by law and ordinance. . . .

(B)(1) Payment is due on the date of billing. Users shall have until on or before the fifth day of the month following the month of the billing to pay the billing without penalty. . . ."

To allow time for customers to pay by the 5th day of the month following without penalty, it was customary for the Town to send the utility bills on the 15th of each month. However, the billings were not timely for the months of February, March, April, May, July, and August. Instead, the billing dates for those months were March 2, April 24, May 1, June 8, and September 15 for both July and August, respectively.

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

In addition, of the 25 individual customer monthly bills tested for compliance, variances were noted in water, sewer, and storm water billings for 12, 9, and 2 customers, respectively. Furthermore, for 5 of the billings with variances, the billing register noted a manual calculation was done without further explanation or support as to why.

Criteria

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CAPITAL ASSETS

Condition and Context

The Town did not have internal controls to ensure a complete and accurate detailed listing of capital assets was maintained, and the assets were physically inventoried as required.

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)

ANNUAL UPLOADS

A similar comment also appeared in prior Report 000000511S.

Condition and Context

Internal controls were not in place to ensure compliance with upload requirements. Amended State Examiner Directive 2018-1 requires monthly and annual uploads of governmental unit information to be uploaded to the Indiana Gateway for Government Units financial reporting system.

The governmental unit information that is required to be uploaded annually include the Year-end Investment Statements and Register of Investments, Detail of Receipts by Fund and Account, Detail of Disbursements by Fund and Account, Current Year Salary Ordinance and Amendments, Annual Vendor History Report, Annual Funds Ledger, Annual Payroll History Report, Accounts Payable/Receivable Schedule Support, and the Personnel Policy.

The Town did not upload any 2023 annual information as required.

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

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 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)

ANNUAL FINANCIAL REPORT LATE SUBMISSION

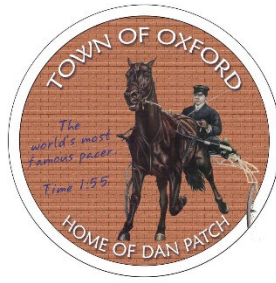
This same comment appeared in a Management Letter addressed to the Town Officials for the audit period ending December 31, 2022.

Condition and Context

Internal controls were not in place to ensure timely filing of required reports. The Annual Financial Report (AFR) is required to be filed via the Indiana Gateway for Government Units financial reporting system 60 days after the close of each fiscal year. The Town's 2023 AFR was not submitted until April 30, 2024, which was 60 days past the due date.

Criteria

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 Compliance Guidelines Manual for Cities and Towns, Chapter 1)



105 S Howard St.
P.O. Box 54
Oxford, IN 47971-0054
Phone (765) 385-2150

Date: 2/9/2025

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

Re: OFFICIAL RESPONSE

The Town of Oxford acknowledges the audit findings related to internal controls, compliance with annual uploads to the Gateway reporting system, and timely submission of the Annual Financial Report (AFR). While we note that the current Clerk Treasurer was not in office during this audit period, and a majority of the Town Council members are new, we recognize the importance of these requirements and are committed to implementing corrective measures to ensure compliance moving forward.

The audit identified weakness in internal controls. To address some of this, the Town Council will conduct regular financial reviews, and the Clerk Treasurer's office will distribute financial tasks with office staff. All will collaboratively work towards updating internal control policies to align with SBoA recommendations.

The audit also found that annual uploads to the Gateway reporting system have not been completed. Due to issues with the previous Clerk Treasurer not fulfilling duties on time, or in some cases not at all, much of this information was unavailable for upload. The current Clerk Treasurer is actively working to ensure all monthly uploads are completed by the required deadlines. Additional training for the Clerk Treasurer's office staff will facilitate quicker report completion, leading to earlier uploads. Regular uploads will streamline the annual upload process.

Furthermore, the audit revealed that the AFR was not submitted by the required due date. The Town Council hired a consultant to clean up the 2023 financials and records after the previous Clerk Treasurer left office. Due to the timing and the actual duration of the cleanup process, the AFR could not be submitted before the deadline. The current Clerk Treasurer is working with a consultant to ensure that the 2024 submission is completed by the due date. Ongoing training will help the Clerk Treasurer understand the requirements for the AFR and ensure that data is prepared and ready for submission in the future.

We would also like to thank the SBoA for their professionalism during the audit process. Their respect for our space and time at our Clerk Treasurer's office, as well as their willingness to explain requests and provide guidance with resources, has been greatly appreciated.

Sincerely,

Tina Coffman
President

Nate Foster
Vice President

Terry Zink
Council Member

Cindy Millburg
Council Member

Tina Porter
Clerk Treasurer

CLERK-TREASURER
TOWN OF OXFORD
EXIT CONFERENCE

The contents of this report were discussed on January 30, 2025, with Tina Porter, Clerk-Treasurer; Christie Hale, former Clerk-Treasurer; Tina Coffman, President of the Town Council; and Cindy Milburg, Town Council member.