

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF UPLAND

GRANT COUNTY, INDIANA

January 1, 2022 to December 31, 2022



**FILED**  
09/27/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Francene Sizemore (Vacant) Mary Fletcher	01-01-22 to 05-10-22 05-11-22 to 06-06-22 06-07-22 to 12-31-24
President of the Town Council	John Bonham Ron Sutherland Shawn Sizemore	01-01-22 to 12-31-22 01-01-23 to 05-19-24 05-20-24 to 12-31-24



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF UPLAND, GRANT COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Upland (Town), for the period from January 1, 2022 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

September 18, 2024

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CLERK-TREASURER  
TOWN OF UPLAND

CLERK-TREASURER  
TOWN OF UPLAND  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS OVER COMPLIANCE**

*Condition and Context*

The Town did not have effective internal controls in place to ensure compliance with applicable laws and regulations. The following noncompliance issues were identified and explained in additional comments:

- Internal Controls over Cash and Investments
- Penalties, Interest, and Other Charges
- Overdrawn Cash Balances
- Capital Assets

*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. . . ."

**INTERNAL CONTROLS OVER CASH AND INVESTMENTS**

This is a repeat comment from prior Report B60217, entitled *INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS*.

*Condition and Context*

There were deficiencies in the internal control system of the Town related to cash and investments. The Town had not properly designed a system of internal controls over cash and investments to ensure that bank reconciliations were reviewed to ensure the reconciliations were complete. There was no verifiable evidence of a review of the bank reconciliations during the audit period.

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

*Criteria*

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**PENALTIES, INTEREST, AND OTHER CHARGES**

A similar comment appeared in a prior noncompliance management letter issued on November 1, 2022.

*Condition and Context*

In 2022, the Town paid penalties, interest, and other charges totaling \$379 due to late payments of invoices and credit card statements.

*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)

**OVERDRAWN CASH BALANCES**

A similar comment appeared in prior Report B60217, entitled *OVERDRAWN CASH BALANCES*.

*Condition and Context*

The Town had negative fund balances at December 31, 2022, in the Water Utility Operating fund in the amount of \$122,598 and the Stormwater Operating fund in the amount of \$380.

CLERK-TREASURER  
TOWN OF UPLAND  
AUDIT RESULTS AND 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)

**CAPITAL ASSETS**

The same comment appeared in a prior noncompliance management letter issued on November 1, 2022.

*Condition and Context*

The Town did not maintain a capital asset listing, and evidence of a physical inventory was not provided for audit.

*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 Towns, Chapter 1)

CLERK-TREASURER  
TOWN OF UPLAND  
EXIT CONFERENCE

The contents of this report were discussed on September 18, 2024, with Mary Fletcher, Clerk-Treasurer; Brad Yordy, Town Council member; Michael Harbin, Town Council member; Jonathan Perez, Town Manager; and Adrienne Rines Hammond, Town Attorney.