

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF HOPE

BARTHOLOMEW COUNTY, INDIANA

January 1, 2013 to December 31, 2015



FILED
04/10/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Diane Burton	01-01-13 to 12-31-20
President of the Town Council	Jonathan Titus	01-01-13 to 12-31-13
	Paula Pollitt	01-01-14 to 06-22-15
	Jonathan Titus	06-23-15 to 12-31-15
	Clyde Compton	01-01-16 to 12-31-17
Town Manager	Melina Fox	07-08-14 to 02-05-16
	(Vacant)	02-06-16 to 07-10-16
	JT Doane	07-11-16 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF HOPE, BARTHOLOMEW COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Hope (Town), for the period from January 1, 2013 to December 31, 2015. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statements Examination Report of the Town, which provides our opinion on the Town's financial statements. 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 Examination 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 Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

March 1, 2017

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CLERK-TREASURER
TOWN OF HOPE

CLERK-TREASURER
TOWN OF HOPE
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

The monthly reconcilments of the Town's bank accounts indicated record balances were not fully reconciled to the depository balances during the examination period. As of December 31, 2015, the bank account reconciliations identified cash short in the amount of \$7,768. Monthly reconcilments show that the Town has consistently maintained this variance since July 2013.

A similar comment appeared in prior Report B47936.

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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TRANSACTION RECORDING

Internal controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient. Transactions of the Utilities Clearing Account were not recorded in the records during the examination period. During 2015, the transactions of the SRFDW Const Ban Prepay and SRFDW Constr BAN Purchase funds were not recorded in records. Adjustments were proposed, accepted by the Town, and made to the financial statement.

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. . . ."

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)



Town of Hope

EXAMINATION RESULTS AND COMMENTS
OFFICIAL RESPONSE
March 13, 2017

BANK ACCOUNT RECONCILIATIONS

When I came into elected office in January of 2013, it was evident that six(6) of the eight(8) depository reconciliations of the fund balances to the bank account balance were not in balance respectively. I immediately notified State Board of Accounts (SBOA) in regards to this discrepancy; subsequent to said notification, a SBOA representative arrived at Town Hall to assist towards reconciliation of the discrepancy in the balances. I was advised to continue to reconcile account balances maintaining the same discrepant balance for a period of two(2) years; I was further advised by SBOA that a representative would conduct an audit in the near future to conclude the origin of the discrepant amount that occurred during the previous Clerk Treasurer's Administration. An initial audit was scheduled, but subsequently canceled. Finally, in January 2017 an audit was completed. In conclusion, the discrepant balance amount as of January 1, 2013 was precisely and exactly the same amount on January 1, 2017.

Diane Burton
Clerk Treasurer
(812)546-0423
clerktreasurer@townofhope.com

CLERK-TREASURER
TOWN OF HOPE
EXIT CONFERENCE

The contents of this report were discussed on March 1, 2017, with Diane Burton, Clerk-Treasurer; Clyde Compton, President of the Town Council; Nellie Meek, Council member; and J.T. Doane, Town Manager.