

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF BREMEN

MARSHALL COUNTY, INDIANA

January 1, 2015 to December 31, 2015



FILED
05/19/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Janet M. Anglemyer	01-01-12 to 12-31-19
President of the Town Council	Michael Leman James Leeper William Daily	01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17
Director of Operations	Trend Weldy	01-01-15 to 12-31-17
Superintendent of Water Utility	Alex Mikel	01-01-15 to 12-31-17
Superintendent of Wastewater Utility	William Reed Matt Cunningham (interim)	01-01-15 to 05-31-16 06-01-16 to 12-31-17
Superintendent of Electric Utility	Rollo (Jay) M. Stoneburner	01-01-15 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF BREMEN, MARSHALL COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Bremen (Town), for the period from January 1, 2015 to December 31, 2015. It has been provided as a separate report so that the reader may easily identify any Federal Findings that pertain to the Town. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the Town, which provides our opinions on the Town's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Finding, identified in the above referenced audit report, is included in this report.

Any Corrective Action Plan for the Federal Finding, incorporated within this report, was not verified for accuracy.

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

March 16, 2017

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CLERK-TREASURER
TOWN OF BREMEN

CLERK-TREASURER
TOWN OF BREMEN
FEDERAL FINDING

FINDING 2015-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition

The Town had not established effective internal controls over cash and investments, receipts, the Annual Financial Report (AFR), and the Schedule of Expenditures of Federal Awards (SEFA).

Cash and Investments

The Town had not documented an oversight or review process over the monthly bank reconciliements.

Receipts

There was no written evidence of segregation of duties between the person balancing the cash drawers, creating deposit tickets, and taking the deposits to the bank.

AFR

One employee compiled information to complete the AFR, submitted the AFR, and completed the attestation form without any oversight or review.

SEFA

One employee gathered information to prepare the SEFA and submitted and certified the SEFA without a review or approval process. There were no controls to ensure accurate reporting of federal awards.

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:

CLERK-TREASURER
TOWN OF BREMEN
FEDERAL FINDING
(Continued)

"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. . . ."

Cause

Management of the Town had not established a proper system of internal control.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

BREMEN TOWN HALL
111 S. Center Street
Bremen, Indiana 46506-1566

Phone (574) 546-2471
Fax (574) 546-5487

CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action Plan: Janet M. Anglemyer-Clerk-Treasurer
Contact Phone Number: (574) 546-2471

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Town of Bremen did adopt Ordinance 4-2016, on July 11, 2016, SBOA acceptable minimum Level of Internal Controls and Standards to be in compliance with IC 5-11-1-27. In response to Finding 2015-001, an Internal Control Policy will be written and adopted pertaining to verification and review of all bank statement reconciliations, handling of cash from receipt to bank deposits, disbursement procedures, payroll activities, Federal awards/grant reporting and Gateway submissions.

Anticipated Completion Date:

April 30, 2017 with Council Adoption on May 8, 2017

Signature

Janet M. Anglemyer

Title

CLERK-TREASURER

Date

03/13/17

CLERK-TREASURER
TOWN OF BREMEN
EXIT CONFERENCE

The contents of this report were discussed on March 16, 2017, with Janet M. Anglemyer, Clerk-Treasurer; Trend Weldy, Director of Operations; and Rick Graverson, Town Council member.