

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF ROCKVILLE

PARKE COUNTY, INDIANA

January 1, 2012 to December 31, 2013



FILED
09/29/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	3
Transmittal Letter	4
Clerk-Treasurer:	
Federal Findings:	
Finding 2013-001 - Internal Controls Over Financial Transactions and Reporting.....	6
Finding 2013-002 - Compliance Over Financial Transactions and Reporting	7
Finding 2013-003 - Internal Control and Compliance Over Schedule of Expenditures of Federal Awards.....	7-8
Finding 2013-004 - Internal Controls Over Compliance Requirements That Have A Direct and Material Effect to Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii.....	9-10
Finding 2013-005 - Cash Management	10-11
Finding 2013-006 - Equipment and Real Property Management	11
Finding 2013-007 - Reporting	12
Corrective Action Plan	13-16
Audit Results and Comments:	
Bank Account Reconciliations.....	17
Official Bond.....	17
Capital Assets	17
Condition of Records.....	17-19
Customer Deposit Register	19
Delinquent Wastewater Accounts	19-20
Deposits	20
Errors on Claims	20-21
Federal and State Agency Compliance Requirements.....	21-22
Maximum Compensatory Time Earned	22
No Board Minutes Provided	23
Ordinances and Resolutions.....	23-24
Penalties, Interest, and Other Charges.....	24
Petty Cash Fund	24
Prescribed Forms.....	24-25
Public Records Retention	25
Salary Ordinance	25
Overdrawn Cash Balances	26
Exit Conference	27

TABLE OF CONTENTS
(Continued)

<u>Description</u>	<u>Page</u>
Park Department:	
Audit Results and Comments:	
Internal Controls	30
Prescribed Forms	30
Exit Conference	31
Cemetery:	
Audit Results and Comments:	
Internal Controls	34
Prescribed Forms	34
Exit Conference	35
Police Department:	
Audit Results and Comments:	
Accident Report Receipts.....	38
Maximum Compensatory Time Earned	39
Public Records Retention - Police	39
Exit Conference	40

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Darrell L. Smiley Stephany M. Dowd	01-01-12 to 04-13-12 04-14-12 to 12-31-15
President of the Town Council	Debra Winn Liddy Dowd-Wright Dr. Steven G. Waltz	01-01-12 to 12-31-12 01-01-13 to 12-31-13 01-01-14 to 12-31-14



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF THE TOWN OF ROCKVILLE, PARKE COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Rockville (Town), for the period from January 1, 2012 to December 31, 2013. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments 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 Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Results and Comments as described below.

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

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

May 13, 2014

CLERK-TREASURER
TOWN OF ROCKVILLE

CLERK-TREASURER
TOWN OF ROCKVILLE
FEDERAL FINDINGS

***FINDING 2013-001 - INTERNAL CONTROLS OVER
FINANCIAL TRANSACTIONS AND REPORTING***

We noted several deficiencies in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. **Lack of Segregation of Duties:** Control activities should be selected and developed at various levels of the Town to reduce risks to the achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts, utility billings and collections, disbursements (including payroll), and cash and investment balances. The Town has one cash drawer which is used by all three employees in the office. A Cash Summary report is printed at the end of the day but no one reviews the report to make sure it matches the deposit made for the day except for the person preparing the deposit. The Payroll Clerk processes payroll from start to finish without anyone reviewing it. The Clerk-Treasurer prepares the reconciliation but no one reviews it. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.
2. **Preparing Financial Statements:** Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statement and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements, including notes to the financial statement.
3. **Monitoring of Controls:** Effective internal control over financial reporting requires the Town Council to monitor and assess the quality of the Town's system of internal control. The Town Council has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CLERK-TREASURER
TOWN OF ROCKVILLE
FEDERAL FINDINGS
(Continued)

FINDING 2013-002 - COMPLIANCE OVER FINANCIAL TRANSACTIONS AND REPORTING

During the audit of the financial statement, we noted the following omissions:

The following funds, which are material to the financial statement, were not included:

BONY Wastewater Bond and Interest, BONY Wastewater Debt Reserve, BONY Wastewater Construction, BONY Water Bond and Interest, BONY Water Debt Reserve, Stormwater Debt Reserve and Retainage - Small Wilson.

The ending balances of these funds totaled \$918,996 at December 31, 2012, and \$1,000,835 at December 31, 2013.

Audit adjustments were proposed, accepted by the Town, and made to the financial statement presented in this report. These adjustments resulted in a presentation of the financial statement that is materially correct.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality 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."

FINDING 2013-003 - INTERNAL CONTROL AND COMPLIANCE OVER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Town has not designed a proper system of internal control, which would include segregation of duties, related to the preparation of the Schedule of Expenditures of Federal Awards (SEFA). The Clerk-Treasurer independently prepares the SEFA for inclusion in the financial report without oversight, review, or approval. A lack of segregation of duties within an internal control system could allow material misstatements of the SEFA to remain undetected. A proper system of internal controls would include segregation of duties by having a proper oversight, review, or approval process and would allow the Town to prevent, or detect and correct, errors on the SEFA in a timely manner.

During the audit of the SEFA, we noted the following errors: The Capitalization Grants for Clean Water State Revolving Funds was omitted from the schedule. The State and Community Highway Safety grant and the Occupant Protection Incentive Grant were combined. The CFDA number, program name, pass-through entity and identifying number shown did not match either included grant. Audit adjustments were proposed, accepted by the Town, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

CLERK-TREASURER
TOWN OF ROCKVILLE
FEDERAL FINDINGS
(Continued)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

CLERK-TREASURER
TOWN OF ROCKVILLE
FEDERAL FINDINGS
(Continued)

FINDING 2013-004 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's Program
and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number and Year (or Other Identifying Number): CF-11-117
Pass-Through Entity: Indiana Office of Community and Rural Affairs

Management of the Town has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements that have a direct and material effect to the program:

Activities Allowed/Unallowed and Allowable Costs/Cost Principles - One of four pay applications was approved by the governing body even though the check was written to the wrong vendor. This had already been discovered and reported to the Clerk-Treasurer by the grant administrator. According to the grant budget, only the construction expenses should be paid from the grant. Engineering and grant administration should have been paid from local match. Also, the supporting documentation for the claim did not match the payee. The governing body should review supporting documentation and ensure that payments are made in accordance with the grant budget.

Cash Management - Reimbursement claims were signed by the billing clerk, but she did not compare the amounts reported to supporting documentation.

Davis-Bacon - Monitoring of wages was done by the grant administrator, but there was no control in place to ensure compliance.

Equipment and Real Property Management - Capital asset records are not maintained, a physical inventory has not been performed, and there are no controls over additions or deletions.

Matching, Level of Effort, and Earmarking - There is no monitoring of local match, except by the grant administrator.

Period of Availability - Except for the grant administrator, no one at the Town is knowledgeable about the period of availability.

Procurement, Suspension, and Debarment - Except for the grant administrator, the Town personnel have no understanding of the suspension or debarment standards. Decisions affecting this grant are made in the Stormwater Board meetings. Minutes were not available for those meetings and it is unclear whether or not the meetings were properly conducted, advertised, or documented.

Reporting - Reports are prepared by the grant administrator and signed by the Council President. The reports do not always include supporting documentation and the ones that did include supporting documentation did not include any documentation of the local match.

CLERK-TREASURER
TOWN OF ROCKVILLE
FEDERAL FINDINGS
(Continued)

Special Tests and Provisions - Except for the grant administrator, Town personnel have no knowledge of the special tests and provisions requirements. It is assumed that the Stormwater Board was present at the public hearings, but there is no evidence of that.

The failure to establish an effective internal control system places the Town at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the Town.

We recommended that the Town's management establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

FINDING 2013-005 - CASH MANAGEMENT

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's Program
and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number and Year (or Other Identifying Number): CF-11-117
Pass-Through Entity: Indiana Office of Community and Rural Affairs

The Town failed to make payment number three within five days of the reimbursement. The reimbursement was deposited via EFT into the Town's account on June 6, 2012. The unit receipted the funds into their records on June 27, 2012. The check written to the contractor was dated June 14, 2012, which is six business days after the reimbursement was deposited. The check number immediately preceding the check to the contractor was dated June 25, 2012, and the check immediately following the check to the contractor was dated June 28, 2012.

CLERK-TREASURER
TOWN OF ROCKVILLE
FEDERAL FINDINGS
(Continued)

Indiana CDBG Handbook section 6.5 states in part:

"Under no circumstances should a Grantee retain more than \$5,000 of federal money in their bank account for more than five business days. If for any reason the federal funds cannot be disbursed during the five day period, the Grantee will be required to return all interest earned on the federal funds to OCRA by check made payable to the U.S. Treasury. Grantees are advised to keep federal funds in non-interesting bearing accounts."

Failure to comply with grant requirements could cause the Town to be ineligible for future funding. Any interest earned on funding left in the Town's bank account should be remitted to the pass-through agency.

We recommended that the unit implement procedures to ensure that EFT's are posted timely and that the related payments to contractors are prompt.

FINDING 2013-006 - EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's Program
and Non-Entitlement Grants in Hawaii

CFDA Number: 14.228

Federal Award Number and Year (or Other Identifying Number): CF-11-117

Pass-Through Entity: Indiana Office of Community and Rural Affairs

Capital asset records have not been updated since 2010. No system exists to provide separated identification for items acquired with federal and nonfederal funds.

24 CFR 85.32(d) states in part:

- "(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory must be taken and the results reconciled with the property records at least once every two years."

Failure to maintain detailed and accurate equipment and property records could result in assets being lost, stolen, misappropriated, or disposed of improperly.

We recommended that the Town officials ensure that assets acquired with federal funds be designated as such so that they are not disposed of improperly.

CLERK-TREASURER
TOWN OF ROCKVILLE
FEDERAL FINDINGS
(Continued)

FINDING 2013-007 - REPORTING

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's Program
and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number and Year (or Other Identifying Number): CF-11-117
Pass-Through Entity: Indiana Office of Community and Rural Affairs

The Semiannual Report due January 31, 2013, had one section of the report, "Leveraging Funds," that was not accurate. That section was not updated from the prior Semiannual Report.

The Indiana CDBG Handbook, Section 10, states in part:

"A critical Grant Administrator responsibility is to maintain a complete set of records documenting the project and the compliance with all applicable regulations, and to provide timely reporting on the project. . . .

Files should, to the extent possible, be maintained in a central location. Financial records, supporting documents, statistical records and all other records pertinent to a grant must be retained until 3 years after OCRA closes the grant year from which funds were allocated with the U.S. Department of Housing and Urban Development (HUD).

The submission of timely reports is essential for compliance with the Grant Agreement. Grantees are ineligible to apply for and receive other grants, as long as they have overdue reports. Grantees will not be allowed to drawdown funds if they have overdue reports.

Semi-Annual Reports providing updates on the status of the project must be submitted by the Grantee. The reporting periods and due dates are as follows:

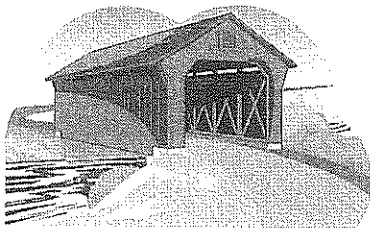
1. For the period of January 1 through June 30 the report is due no later than July 31.
2. For the period of July 1 through December 31 the report is due no later than January 31.

The semi-annual reporting requirement begins when the Grantee receives a copy of the fully-executed Grant Agreement from Grant Support and continues until the Grantee has reached Financial and Administrative closeout of the grant. The Semi-Annual Report is available as Reporting Form 1.

Claim Vouchers will not be processed and no additional funds will be awarded if Semi-Annual Reports are delinquent."

Inaccurate reporting could prevent the Town from receiving future reimbursements and could cause the Town to make incorrect decisions.

We recommended that the Town implement verification procedures, so that errors will be detected prior to submission of the report.



Town of Rockville, IN

103 West High St.
P.O. Box 143
Rockville, IN 47872
The heart of Parke County

TOWN OF ROCKVILLE CORRECTIVE ACTION PLAN

FINDING 2012-001, - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Contact Person: Stephany Dowd
Title of Contact Person: Clerk-Treasurer
Phone Number: 765-569-6253
Expected Completion Date: May 12, 2014

Corrective Action: Implementing corrective action measures by to increase internal controls over financial transactions and reporting.

FINDING 2012-002, - COMPLIANCE OVER FINANCIAL TRANSACTIONS AND REPORTING

Contact Person: Stephany Dowd
Title of Contact Person: Clerk-Treasurer
Phone Number: 765-569-6253
Expected Completion Date: May 12, 2014

Corrective Action: Implementing corrective action measures by to increase compliance over financial transactions and reporting.

FINDING 2012-003, - INTERNAL CONTROL AND COMPLIANCE OVER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person: Stephany Dowd
Title of Contact Person: Clerk-Treasurer
Phone Number: 765-569-6253
Expected Completion Date: May 12, 2014

Corrective Action: Implementing corrective action measures by to control and compliance over schedule of expenditures of federal grants.

FINDING 2013-004. INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS

Federal Agency: United States Department of Housing and Urban Development
Federal Program: Community Development Block Grants\State's Program and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Pass-Through: Indiana Office of Community and Rural Affairs
Award Number: CF-11-117

Contact Person: Stephany Dowd
Title of Contact Person: Clerk-Treasurer
Phone Number: 765-569-6253
Expected Completion Date: May 12, 2014

Corrective Action: Implementing corrective action measures for internal controls and compliance requirements.

FINDING 2013-005. CASH MANAGEMENT

Federal Agency: United States Department of Housing and Urban Development
Federal Program: Community Development Block Grants\State's Program and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Pass-Through: Indiana Office of Community and Rural Affairs
Award Number: CF-11-117

Contact Person: Stephany Dowd
Title of Contact Person: Clerk-Treasurer
Phone Number: 765-569-6253
Expected Completion Date: May 12, 2014

Corrective Action: Implementing corrective action measures for cash management.

FINDING 2013-006, EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: United States Department of Housing and Urban Development
Federal Program: Community Development Block Grants\State's Program and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Pass-Through: Indiana Office of Community and Rural Affairs
Award Number: CF-11-117

Contact Person: Stephany Dowd
Title of Contact Person: Clerk-Treasurer
Phone Number: 765-569-6253
Expected Completion Date: May 12, 2014

Corrective Action: Implementing corrective action measures for equipment and real property management for federal awards.

FINDING 2013-007, REPORTING

Federal Agency: United States Department of Housing and Urban Development
Federal Program: Community Development Block Grants\State's Program and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Pass-Through: Indiana Office of Community and Rural Affairs
Award Number: CF-11-117

Contact Person: Stephany Dowd
Title of Contact Person: Clerk-Treasurer
Phone Number: 765-569-6253
Expected Completion Date: May 12, 2014

Corrective Action: Implementing corrective action measures for the management of reporting to the federal agency for federal awards.

SIGN *Stephany M Dowd*
TITLE Clerk-Treasurer
DATE May 12, 2014

CLERK-TREASURER
TOWN OF ROCKVILLE
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliations did not balance. The reconciled bank balances at December 31, 2013, exceeded the funds ledger balances by \$9,693.76. The Clerk-Treasurer attempts to do a reconciliation monthly but the records do not balance. During the December 2013 reconciliation it was found that the May 3 utility collections that totaled \$34,357.50 had not been receipted to the ledger. A January 2014 bank reconciliation was completed to determine if the variance was consistent. At the end of January 2014, the reconciled bank balances exceeded the funds ledger balances by \$302.24. It could not be determined how or why the cash long changed from the end of December 2013 to the end of January 2014.

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."

OFFICIAL BOND

The following is information from the official bond which was presented for our audit:

Company: Western Surety Company

Type of Coverage: Public Official Bond for Darrell L. Smiley, former Clerk-Treasurer

Period of Coverage: December 31, 2011 to December 31, 2012

Company Western Surety Company

Type of Coverage: Public Official Bond for Stephany M. Dowd, Clerk-Treasurer

Period of Coverage: April 17, 2012 to April 17, 2013

Period of Coverage: April 17, 2013 to April 17, 2014

CAPITAL ASSETS

The Town has not properly maintained a complete inventory of capital assets owned. The capital asset record has not been updated since 2010 and contains many items that are not considered to be capital assets (paint, pool chemicals, sewer jetting, minor repairs to Town Hall).

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the applicable Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CONDITION OF RECORDS

There were numerous deficiencies in the records of the Town. They include:

1. Posting errors - There were two grant reimbursements which were not posted to the correct fund: The July 16, 2012 distribution for \$2,925 from the post-war construction grant should have been posted to the Sewer Construction/State Money fund, but was actually posted to

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

the Wastewater Bond and Interest fund. The December 26, 2013 distribution for \$900 from the operation pullover grant was posted to the Occupant Protection fund but should have been posted to the Operation Pullover fund.

The May 3, 2013 utility collections that totaled \$34,357.50 were not posted to the ledger until December 31, 2013.

A receipt of \$15,436.30 was made to the Payroll FICA W/H fund and it should have been receipted to the Payroll Federal fund. This was an error correction from the 2010-2011 audit.

A receipt of \$13,075.34 was made to the Sewer Project Retainage fund and it should have been receipted to the Wastewater Operating fund. This was collections from the Rockville Correctional Facility for November 2012.

The meter reader's salary was being paid from Water Operating fund and Light Operating fund for 2013. The Town Council decided in the last quarter of 2013 that the meter reader's salary should be split between Water Operating fund, Wastewater Operating fund and Light Operating fund. A payroll adjustment was made to correct the funds for the year. The adjustment was done backwards and \$9,004.80 was receipted to the Wastewater Operating fund instead of a disbursement from the Wastewater Operating fund. The disbursement would have reimbursed the Water Operating fund and the Light Operating fund.

The Payroll PERF W/H fund was overdrawn \$94,126 as of December 31, 2013. It was discovered that when the Clerk-Treasurer was making contributions to the Indiana Public Retirement System, the payments were being made incorrectly. The payments were being paid from the Payroll PERF W/H fund for the employer portion instead of the employee portion. The employer portion should be paid from the separate funds and the employee portion should be paid from the Payroll PERF W/H fund. In 2012, the incorrect amount paid from the Payroll PERF W/H fund was \$51,883.73 and in 2013, the incorrect amount paid from the Payroll PERF W/H fund was \$54,147.46.

Payment was made from the Payroll FICA W/H fund of \$11.62. This amount was not transferred from the individual funds into the payroll fund.

Payment amount for June 12, 2013 Medicare tax was improperly calculated. The correct amount was transferred from the individual funds into the Payroll fund, but the amount paid was \$9.38 less.

The fourth quarter 2011 and first quarter 2012 Utility Receipts Tax were split equally between the three utilities in 2012. This was an incorrect allocation. The Electric Utility owes the Water Utility \$3,413 and the Wastewater Utility \$8,407.08. A similar comment appeared in prior Report B40843.

Accident report fees, court costs, and handgun permit fees totaling \$2,406 were posted to the Police Miscellaneous fund, but should have been posted to the Law Enforcement Continuing Education fund.

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

ATV/golf cart permit fees totaling \$2,230 were receipted to the Police Miscellaneous fund. The ordinance regarding the issuance of ATV/golf cart permits did not specify to which fund the fees were to be deposited. In the absence of specifications in the ordinance, the permit fees collected of \$2,230, should have been posted to the General fund.

2. Nonsufficient funds checks were incorrectly posted.
3. Some transactions were recorded as "negative" receipts and disbursements.
4. Five of the History Transaction by Type reports, which are used to calculate sales tax, had amounts marked out or whited out and different amounts were written in. The billing clerk stated that this was because an unreasonable bill had been issued and was not detected prior to the update being done.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CUSTOMER DEPOSIT REGISTER

A detailed customer deposit register was not retained for the audit period. As a result, several tests could not be performed. For example, the detail could not be tested to the control fund and the disbursements could not be tested to make sure payments were made to the appropriate individual and in the proper amount.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.
 - (B) A description of the premises, as shown by the records of the county auditor.

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

- (C) The amount of the delinquent fees, together with the penalty.
- (2) An individual instrument for each lot or parcel of real property on which the fees are delinquent.
- (c) The officer shall record a copy of each list or each individual instrument with the county recorder . . .
- (e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May."

DEPOSITS

Receipts were deposited later than the next business day in 40 percent of receipts tested. A similar comment appeared in prior Reports B35291 and B40843. Receipts were not deposited intact in 50 percent of receipts tested.

40 percent of swimming pool receipts tested were deposited later than the next business day. It was impossible to determine whether receipts were deposited intact due to lack of documentation on the receipts.

10 percent of cemetery receipts tested were deposited later than the next business day. It was impossible to determine whether receipts were deposited intact due to lack of documentation on the receipts.

Indiana Code 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

Public funds deposited should be deposited in the same form in which they were received. This simply means all daily receipts received by the political subdivision should be deposited intact. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ERRORS ON CLAIMS

A sample of claims identified the following deficiencies:

1. Claims were not prepared for 8 percent of disbursements tested. This error resulted in \$2,224.07 of expenditures which were not supported by a proper claim.
2. Of the claims tested 17 percent did not have adequate supporting documentation. This error resulted in \$6,947.16 of expenditures which did not have adequate supporting documentation.

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

3. Of the claims tested, 2 percent were not properly accounted for in the Town's records. The Utility Receipts Tax payment was split equally between the Light Operating fund and the Water Operating fund, but should have been based on the sales of each respective utility. This error resulted in \$3,400.39 not properly accounted for in the Town's records.

A compliance test of claims identified the following deficiencies:

1. Of the claims tested, 80 percent did not have evidence to support receipt of goods or services. This error resulted in \$7,647.27 of expenditures which did not have evidence to support receipt of goods or services.
2. Of the claims tested, 30 percent did not have proper approval by the fiscal officer. This error resulted in \$6,574.66 of expenditures which did not have proper approval by the fiscal officer.
3. Of the claims tested, 30 percent did not have board approval. This error resulted in \$6,574.66 of expenditures which did not have proper board approval.

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; and
- (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."

FEDERAL AND STATE AGENCY COMPLIANCE REQUIREMENTS

The Town did not comply with directives of the Indiana Department of Revenue and the Internal Revenue Service by filing incorrect reports. The following errors were noted in filed reports:

Withholding tax payments for the months ended March 31, 2012, and March 31, 2013, omitted the withholdings from one of the payrolls in that month. This resulted in underpayments of \$1,658.31 and \$1,876.11, respectively. The omissions were discovered in the following years and were remitted at that time. These omissions resulted in penalties and interest charged.

For June through December of 2013, the exempt portion of electric utility sales was incorrectly reported. This resulted in an underpayment of \$5,976.70 in sales tax.

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

The Employers Quarterly Federal Tax Return Form 941 reports for the quarters ended June 30, 2013, and September 30, 2013, were incorrect. The payments reported were overstated by \$143.97 and \$115.90, respectively. The overstatement resulted from the Clerk-Treasurer adding Medicare payment amounts from the wrong period. On both of these reports, the Town claimed (but did not receive) a credit for amounts overpaid.

Several reports were not filed timely. Those include: fourth quarter of 2012 utility receipts tax, June 2012 sales tax, and several instances of state and county withholding tax.

Utility receipts tax annual return for 2012 was not properly calculated. The underpayment penalty calculated was incorrect.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should 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 7)

MAXIMUM COMPENSATORY TIME EARNED

Police officers Rodney Smith and William McMichael accrued compensatory time in excess of the maximum allowed. A similar comment appeared in prior Report B40843.

29 CFR 553.22 (3)(A) If the work of an employee for which compensatory time may be provided included work in a public safety activity, an emergency response activity, or a seasonal activity, the employee engaged in such work may accrue not more than 480 hours of compensatory time for hours worked after April 15, 1986. If such work was any other work, the employee engaged in such work may accrue not more than 240 hours of compensatory time for hours worked after April 15, 1986. Any such employee who, after April 15, 1986, has accrued 480 or 240 hours, as the case may be, of compensatory time off shall, for additional overtime hours of work, be paid overtime compensation. (B) If compensation is paid to an employee for accrued compensatory time off, such compensation shall be paid at the regular rate earned by the employee at the time the employee receives such payment. (4) An employee who has accrued compensatory time off authorized to be provided under paragraph (1) shall, upon termination of employment, be paid for the unused compensatory time at a rate of compensation not less than- (A) The average regular rate received by such employee during the last 3 years of the employee's employment, or (B) The final regular rate received by such employee, whichever is higher. (5) An employee of a public agency which is a State, political subdivision of a State, or an interstate governmental agency- (A) Who has accrued compensatory time off authorized to be provided under paragraph (1), and (B) Who has requested the use of such compensatory time, shall be permitted by the employee's employer to use such time within a reasonable period after making the request if the use of the compensatory time does not unduly disrupt the operations of the public agency. (6) For purposes of this subsection- (A) The term *overtime compensation* means the compensation required by subsection (a), and (B) The terms *compensatory time* and *compensatory time off* means hours during which an employee is not working, which are not counted as hours worked during the applicable workweek or other work period for purposes of overtime compensation, and for which the employee is compensated at the employee's regular rate.

29 CFR 553.23 (c) The 480- and 240-hour limits on accrued compensatory time only apply to overtime hours worked after April 15, 1986. Compensatory time which an employee has accrued prior to April 15, 1986, is not subject to the overtime requirements of the FLSA and need not be aggregated with compensatory time accrued after that date.

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

NO BOARD MINUTES PROVIDED

Minutes of the meetings of the Stormwater Board were not presented for audit. When requested, the Town was unable to determine who was responsible for taking the minutes. After several phone calls, one former Board member brought in his personal Stormwater folder which included minutes from two meetings in 2012 and two meetings in 2013 commingled with other documents. In 2012, there was a stormwater project in progress. It was evident that there were a number of missing minutes, but we were not able to determine the number of meetings held in which minutes should have been provided. It is also unclear whether meetings were properly advertised.

Indiana Code 5-14-1.5-4(b) states:

"As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken by individual members if there is a roll call.
- (5) Any additional information required under section 3.5 or 3.6 of this chapter or any other statute that authorizes a governing body to conduct a meeting using an electronic means of communication."

ORDINANCES AND RESOLUTIONS

The Town has an ordinance concerning the application of penalty charges for the late payments of utility bills. However, we noted that the Town did not comply with its existing ordinance because it is not applying penalties for late payments on the accounts of not-for-profit or governmental customers.

The Town has an ordinance concerning the shut-off of utility services for nonpayment of bills. However, we noted that customers that had paid their bills with NSF checks in 2012 and had not repaid amounts due were still receiving utility service. One customer had given the Town several more NSF checks since 2012 and had paid with one during the audit.

As previously stated in prior Reports B37081 and B40843, Ordinance 2000-656 does not adequately explain how the Town should handle meals purchased by employees while traveling. Part of the ordinance authorizes a \$35 per diem, but another part of the ordinance states the employees need to remit receipts and will be reimbursed.

As previously stated in prior Reports B37081 and B40843, the Town does not have an ordinance for the Electric Utility that states the amount required for a customer deposit. Ordinance 95-605 states that deposits will be collected based on an average of six months' usage, but the Town is requiring a flat rate deposit.

The Town has an ordinance concerning the Stormwater Utility. However, we noted that the Town did not comply with its existing ordinance because they did not make monthly transfers to the Bond and Interest fund.

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

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PENALTIES, INTEREST, AND OTHER CHARGES

The Town paid a penalty to the Indiana Department of Revenue in the amount of \$5.01 for the late payment of the December 2012 withholding tax. A penalty of \$428.61 was assessed by the Indiana Department of Revenue for late payment of the August 2012 payment. This amount was paid by Stephany M. Dowd, Clerk-Treasurer, with a personal check.

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 governmental 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 governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PETTY CASH FUND

The Town authorized the establishment of a Petty Cash fund in the amount of \$500 to be used for immaterial purchases made by the Town. We counted the cash in the petty cash drawer and reviewed all receipts. The Town is reimbursing travel expenses for employees through petty cash instead of using the claims process. The Petty Cash fund was short \$170.73. A similar comment appeared in prior Report B40843. This amount was paid by Stephany M. Dowd, Clerk-Treasurer, with a personal check.

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit 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 7)

PRESCRIBED FORMS

The Indiana State Board of Accounts is responsible for prescribing and/or approving the accounting forms/records for all governmental units. The Town did not use the prescribed form Payroll Schedule and Voucher, Form 99, nor have they requested approval for an alternative form in lieu of the prescribed form. All utility employees remit a time card to the Superintendent of the Town. The time cards are not signed by the employee or the Superintendent. The Fire Department employees write down their hours on a piece of notebook paper and fax it to the Town Hall. The Fire Chief is not documenting his review on the report.

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

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PUBLIC RECORDS RETENTION

The Imported Transactions Reports were not presented for audit. The Imported Transactions Reports show the meter readings for each customer as taken from the electronic meter reader. Since these reports are not retained, there is no record of the readings prior to their import into the billing system.

Indiana Code 5-15-6-3(f), concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

SALARY ORDINANCE

The Town has a salary ordinance that was adopted for the 2012 and 2013 calendar year. The salary ordinance included all of the positions for the Town and the Utilities. The positions included the annual salary and which funds to be paid from. However, we noted that the Town did not comply with its existing salary ordinance because Stephany M. Dowd, Clerk-Treasurer, was not paid from the proper funds for seven months of 2012 and three months of 2013. The Clerk-Treasurer was being paid from the General fund, Water Operating fund, Light Operating fund, and Wastewater Operating fund. A negative gross wage was posted to the Light Operating fund and the three other funds had a larger amount to compensate the negative amount in Electric Utility. The correct gross amount was being paid for both years.

In 2012, two employees were paid; however, they were not included on the salary ordinance. One employee was hired for extra clerical work that totaled \$4,785 for the year and a new position paying \$31,000 a year was created for the Street Department.

A new police officer was hired in May 2012. According to the salary ordinance, the police officer would make \$1,070.62 per pay period. The officer was paid \$1,076.92 which is an overpayment of \$6.30 per pay period.

The Town has two firemen that are full-time employees. The salary ordinance for 2012 states that Fireman 1 would make \$1,042.92 per pay period and Fireman 2 would make \$1,083.72 per pay period. Both firemen were paid \$1,042.92 per pay period.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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

OVERDRAWN CASH BALANCES

The financial statements presented in this report included the following funds with overdrawn cash balances at December 31, 2013:

Payroll Federal	\$19,099
Payroll Medicare W/H	59
Payroll PERF W/H	94,126

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 governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CLERK-TREASURER
TOWN OF ROCKVILLE
EXIT CONFERENCE

The contents of this report were discussed on May 13, 2014, with Dr. Steven G. Waltz, President of the Town Council; Parke Swaim, Town Council member; and Stephany M. Dowd, Clerk-Treasurer.

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PARK DEPARTMENT
TOWN OF ROCKVILLE

PARK DEPARTMENT
TOWN OF ROCKVILLE
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

There are no internal controls over the swimming pool receipts. Tickets are not issued for admissions and there is no documentation to support concession receipts. There is no way to verify that receipts are deposited intact or if proper fees were charged. The receipts are separated between admissions and concessions, but no reports are completed when remitting the receipts to the Clerk-Treasurer. The receipts are remitted to the Clerk-Treasurer in a baggie or rubber band with a date written on the outside. In 40 percent of the items tested, the admissions receipts documented were not in whole dollars. Since all of the admission and pass prices are in whole dollars, this indicates an improper distribution of funds or failure to deposit funds intact. 10 percent of receipts tested were not timely remitted to the Clerk-Treasurer. 40 percent of receipts tested were not deposited timely by the Clerk-Treasurer. While auditing the Town, the examiners observed several days of swimming pool receipts on hand at one time. In 20 percent of items tested, the sum of admissions and concessions written on the receipt did not match the total of the receipt. In 10 percent of the items tested, the receipt series did not match the deposit amount. The receipts given to the pool manager were not approved forms, were not prenumbered and method of payment was not consistently or properly used. A similar comment appeared in prior Report B40843.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PRESCRIBED FORMS

The Indiana State Board of Accounts is responsible for prescribing and/or approving the accounting forms/records for all governmental units. The Town did not use prescribed form, Receipt (Form No. 217), properly. When money is brought in for miscellaneous items such as: golf cart permits, swimming pool receipts, taps, reconnects, building rentals, and gun permits, a hand-written receipt is given to the customer. This is a generic receipt which is not approved. The receipt is later entered into the system and a receipt on a prescribed form is issued. These receipts are kept at the Town Hall for use in reconciling and auditing. A similar comment appeared in prior Report B40843.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PARK DEPARTMENT
TOWN OF ROCKVILLE
EXIT CONFERENCE

The contents of this report were discussed on May 13, 2014, with Sande Bemis, Park Board President; Dr. Steven G. Waltz, President of the Town Council; Parke Swaim, Town Council member; and Stephany M. Dowd, Clerk-Treasurer.

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CEMETERY
TOWN OF ROCKVILLE

CEMETERY
TOWN OF ROCKVILLE
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

Internal controls over cemetery receipts are inadequate. The Town uses a hand-written receipt book for cemetery receipts. A receipt is written and given to the customer only if they request a receipt. Otherwise, no receipt is given to the customer. When the payment is entered into the computerized accounting system, a receipt is printed. These receipts are kept in a file at the Town Hall. One of the items selected for testing was a receipt issued on November 16, 2012. The actual payment was made in November of 2011 and the customer did not request or receive a receipt. Later, the customer requested a receipt so that she could submit it for insurance reimbursement and a hand-written receipt was prepared on that date. The receipt was not marked with the payment method. Most of the receipts in the book were signed "Town of Rockville" or "TOR" giving no indication of who received the payment. Most of the receipts were marked with payment type, but these receipts are deposited with other Town receipts whose payment types are not properly identified, so the deposit of funds intact cannot be determined.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PRESCRIBED FORMS

The Town did not use prescribed form, Receipt (General Form No. 352), properly for cemetery receipts. Receipts were not issued for all payments made. The receipts were not always properly dated and method of payment was not always completed. The receipt is later entered into the system. Those receipts are kept at the Town Hall for use in reconciling and auditing.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CEMETERY
TOWN OF ROCKVILLE
EXIT CONFERENCE

The contents of this report were discussed on May 13, 2014, with Mark Richmond, Cemetery Superintendent; Dr. Steven G. Waltz, President of the Town Council; Parke Swaim, Town Council member; and Stephany M. Dowd, Clerk-Treasurer.

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POLICE DEPARTMENT
TOWN OF ROCKVILLE

POLICE DEPARTMENT
TOWN OF ROCKVILLE
AUDIT RESULTS AND COMMENTS

ACCIDENT REPORT RECEIPTS

Receipts were not written for all accident reports issued. Receipts were not issued on prescribed forms, were not pre-numbered and had no place to document method of payment.

No ordinance was presented to support fees charged. For two receipts, the fees charged varied.

90 percent of the accident report fees selected for testing were not remitted timely to the Clerk-Treasurer. The fees were up to 78 days late for items tested.

The Clerk-Treasurer's receipts did not provide documentation of the number of general receipts accounted for.

One remittance was posted to an incorrect fund.

The following procedure is prescribed for accounting for vehicle accident report fees.

1. If not already done, the legislative body should adopt an ordinance authorizing a fee for furnishing duplicate accident reports of not less than five dollars (\$5).
2. When the fee is charged, the official should issue a receipt, General Form Number 352, for each fee collected.
3. The receipts and fees collected should be remitted to the clerk-treasurer or city controller at least once each week.
4. The clerk-treasurer or controller shall issue an official receipt for the remittance specifying on such receipt the number of general receipts accounted for. (For example: general receipts numbers 1-20, \$100.00.)
5. The clerk-treasurer or controller shall receipt the fees to the local law enforcement continuing education fund. A separate depository account is not required.

(Cities and Towns Bulletin and Uniform Compliance Guidelines, September 2013)

POLICE DEPARTMENT
TOWN OF ROCKVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

MAXIMUM COMPENSATORY TIME EARNED

Police officers Rodney Smith and William McMichael accrued compensatory time in excess of the maximum allowed. A similar comment appeared in prior Report B40843.

29 CFR 553.22 (3)(A) If the work of an employee for which compensatory time may be provided included work in a public safety activity, an emergency response activity, or a seasonal activity, the employee engaged in such work may accrue not more than 480 hours of compensatory time for hours worked after April 15, 1986. If such work was any other work, the employee engaged in such work may accrue not more than 240 hours of compensatory time for hours worked after April 15, 1986. Any such employee who, after April 15, 1986, has accrued 480 or 240 hours, as the case may be, of compensatory time off shall, for additional overtime hours of work, be paid overtime compensation. (B) If compensation is paid to an employee for accrued compensatory time off, such compensation shall be paid at the regular rate earned by the employee at the time the employee receives such payment. (4) An employee who has accrued compensatory time off authorized to be provided under paragraph (1) shall, upon termination of employment, be paid for the unused compensatory time at a rate of compensation not less than- (A) The average regular rate received by such employee during the last 3 years of the employee's employment, or (B) The final regular rate received by such employee, whichever is higher. (5) An employee of a public agency which is a State, political subdivision of a State, or an interstate governmental agency- (A) Who has accrued compensatory time off authorized to be provided under paragraph (1), and (B) Who has requested the use of such compensatory time, shall be permitted by the employee's employer to use such time within a reasonable period after making the request if the use of the compensatory time does not unduly disrupt the operations of the public agency. (6) For purposes of this subsection- (A) The term *overtime compensation* means the compensation required by subsection (a), and (B) The terms *compensatory time* and *compensatory time off* means hours during which an employee is not working, which are not counted as hours worked during the applicable workweek or other work period for purposes of overtime compensation, and for which the employee is compensated at the employee's regular rate.

29 CFR 553.23 (c) The 480- and 240-hour limits on accrued compensatory time only apply to overtime hours worked after April 15, 1986. Compensatory time which an employee has accrued prior to April 15, 1986, is not subject to the overtime requirements of the FLSA and need not be aggregated with compensatory time accrued after that date.

PUBLIC RECORDS RETENTION - POLICE

The handgun permit applications processed by the Town Marshall were not retained for audit.

Indiana Code 5-15-6-3(f), concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

POLICE DEPARTMENT
TOWN OF ROCKVILLE
EXIT CONFERENCE

The contents of this report were discussed on May 13, 2014, with Rodney Smith, Town Marshal; Dr. Steven G. Waltz, President of the Town Council; Parke Swaim, Town Council member; and Stephany M. Dowd, Clerk-Treasurer.