

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF WINAMAC

PULASKI COUNTY, INDIANA

January 1, 2012 to December 31, 2016



FILED
09/29/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Melanie A. Berger	01-01-12 to 12-31-20
President of the Town Council	John E. Plowman Kenneth McFarland Tom J. Murray	01-01-12 to 12-31-14 01-01-15 to 07-11-16 07-12-16 to 12-31-17
Town Manager	James M. Conner Melanie A. Berger Bradley Zellers	01-01-12 to 11-10-14 11-11-14 to 01-11-15 01-12-15 to 12-31-17
Superintendent of Water Utility	Kevin Roe Jeremy Beckner	01-01-12 to 10-21-13 10-22-13 to 12-31-17
Superintendent of Wastewater Utility	Bradley Zellers	01-01-12 to 12-31-17
Superintendent of Electric Utility	Doug Shorter	01-01-12 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF WINAMAC, PULASKI COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Winamac (Town), for the period from January 1, 2012 to December 31, 2016. 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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

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

August 29, 2017

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CLERK-TREASURER
TOWN OF WINAMAC

CLERK-TREASURER
TOWN OF WINAMAC
EXAMINATION RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Town did not have an effective internal control system over financial reporting. The Clerk-Treasurer independently input and submitted financial information into the Indiana Gateway for Government Units (Gateway), which is a financial reporting system and the source of the Annual Financial Reports (AFR) and financial statements. There were no controls in place, such as an oversight, review, or approval process, to ensure the accuracy of the financial information prior to the submission of the AFRs.

A similar comment appeared in prior Report B40465 entitled *INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING*.

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 WINAMAC
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2017, with Melanie A. Berger, Clerk-Treasurer; Tom J. Murray, President of the Town Council; Jim Watkins, Town Council member; Judy Heater, Town Council member; Alvin R. Parish, Town Council member; Dan Vanaman, Town Council member; Bradley Zellers, Town Manager; and Justin Schramm, Town Attorney.