

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF GEORGETOWN

FLOYD COUNTY, INDIANA

January 1, 2012 to December 31, 2016



FILED
10/26/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Douglas Cook Brent M. Fender	01-01-11 to 12-31-14 01-01-15 to 12-31-18
President of the Town Council	Mike Mills Jerry Brock Gary Smith Everett Pullen	01-01-12 to 12-31-13 01-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-17
Superintendent of Utilities	Jimmy D. Reynolds Richard Stiles (Vacant)	01-01-12 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 09-11-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF GEORGETOWN, FLOYD COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Georgetown (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 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

September 11, 2017

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CLERK-TREASURER
TOWN OF GEORGETOWN

CLERK-TREASURER
TOWN OF GEORGETOWN
EXAMINATION RESULTS AND COMMENTS

INTERNAL CONTROLS

Internal controls over the financial close and reporting were insufficient. The Deputy Clerk-Treasurer closed the financial records. The Clerk-Treasurer performed all duties regarding reporting. There was no indication of a review process to verify that the financial close or reporting information was accurate.

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. . . ."

ANNUAL FINANCIAL REPORT

The Annual Financial Report for 2014 was not filed electronically until July 20, 2017.

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."

RECEIPT ISSUANCE

A test designed to verify that receipts were issued at the time the transactions occurred was conducted. Our test of this procedure found that, during 2015 and 2016, receipts were not issued for collections that were received by electronic deposits or for local tax distributions received by check.

CLERK-TREASURER
TOWN OF GEORGETOWN
EXAMINATION RESULTS AND COMMENTS
(Continued)

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

ERRORS ON CLAIMS

There were the following deficiencies on claims:

1. Claims were not prepared for payroll disbursements or customer deposit refunds during 2015 and 2016.
2. There was no evidence presented for audit that the Town Council approved payroll disbursements during 2015 and 2016.
3. Not all claims during 2015 and 2016 were properly approved by the Fiscal Officer.

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. . . ."

CLERK-TREASURER
TOWN OF GEORGETOWN
EXIT CONFERENCE

The contents of this report were discussed on September 11, 2017, with Brent M. Fender, Clerk-Treasurer; Douglas Cook, former Clerk-Treasurer; Everett Pullen, President of the Town Council; and Kathy Haller, Town Council member.