

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF  
TOWN OF KIRKLIN  
CLINTON COUNTY, INDIANA  
January 1, 2012 to December 31, 2016



**FILED**  
11/15/2017



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mary King	01-01-12 to 12-31-19
President of the Town Council	Randy Weaver Walter Minnick	01-01-12 to 12-31-14 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 KIRKLIN, CLINTON COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Kirklín (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/](http://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

September 28, 2017

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CLERK-TREASURER  
TOWN OF KIRKLIN

CLERK-TREASURER  
TOWN OF KIRKLIN  
EXAMINATION RESULT AND COMMENT

***INTERNAL CONTROL OVER FINANCIAL TRANSACTIONS AND REPORTING***

There was a deficiency in the Town's internal control system over the input of the financial information. Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's financial statement and then determining how those identified risks should be managed. The Town had not identified risks to the preparation of a reliable financial statement and, as a result, failed to design effective controls over the input of the financial information. The Clerk-Treasurer independently input the financial information without oversight, review, or approval.

The same comment also appeared in prior Report B40279.

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. . . ."

**TOWN OF KIRKLIN, INC.**

113 N. MAIN ST.

P.O. BOX 147

KIRKLIN, INDIANA 46050-0147

PHONE 765-279-8786

**Corrective Action Plan**

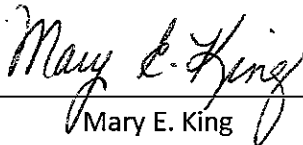
Internal Control Comment Over Financial Close and Reporting ~

Contact Person Responsible for Corrective Action: Mary E. King  
Contact Phone Number: 765-279-8786

Description of Corrective Action Plan:

When the Clerk-Treasurer completes the Annual Report on the Gateway system it will be printed and all figures will be checked by the Utility Clerk to make sure accurate information was entered. Following approval of the Utility Clerk, the report will be submitted on Gateway. The Utility Clerk will sign off on the printed report and it will be retained in the file with all Annual Report Documentation.

Anticipated Completion Date:  
By the next Annual Report due date

  
\_\_\_\_\_  
Mary E. King

\_\_\_\_\_  
Clerk-Treasurer

\_\_\_\_\_  
9/28/2017

CLERK-TREASURER  
TOWN OF KIRKLIN  
EXIT CONFERENCE

The contents of this report were discussed on September 28, 2017, with Walter Minnick, President of the Town Council; Valerie Pearson, Town Council member; and Mary King, Clerk-Treasurer.