

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
TOWN OF WAVELAND
MONTGOMERY COUNTY, INDIANA
January 1, 2012 to December 31, 2016



FILED
12/29/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Examination Result and Comment:	
Deficiency in Internal Control - Gate Receipts	6
Exit Conference	7

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mary S. Calvert	01-01-12 to 12-31-19
President of the Town Council	Ryan Gentry Kelley Hopkins	01-01-12 to 12-31-13 01-01-14 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE TOWN OF WAVELAND, MONTGOMERY COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Waveland (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 Result and Comment 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 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 Result and Comment, incorporated within this report, was not verified for accuracy.

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

November 16, 2017

(This page intentionally left blank.)

CLERK-TREASURER
TOWN OF WAVELAND

CLERK-TREASURER
TOWN OF WAVELAND
EXAMINATION RESULT AND COMMENT

DEFICIENCY IN INTERNAL CONTROL - GATE RECEIPTS

A similar comment also appeared in prior Report B38265, entitled *INTERNAL CONTROLS AT LAKE WAVELAND PARK*.

Annually, the Town hosted an event at Lake Waveland called "Camp-n-Drag". The Town failed to establish adequate controls over cash collected during this event in 2012. Gate receipts were not counted with more than one person present. Multiple individuals worked on a shift without balancing the cash register in between. Cash was removed from the safe and taken to the Town Hall by one individual for safe keeping. Multiple people tried to reconcile the revenues to the deposits for the event. The difference between the cash register summaries of receipts and the cash deposited was \$5,350 short. The staff reviewed the transaction detail tapes but did not find any erroneous sales entries. This suspected shortage from July 2012 was not reported to the Town Council until January 2013.

The cash register tapes were poorly preserved and some were illegible. Not all transaction tapes were included with the materials presented for examination.

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. . . .

CLERK-TREASURER
TOWN OF WAVELAND
EXIT CONFERENCE

The contents of this report were discussed on November 16, 2017, with Mary S. Calvert, Clerk-Treasurer; Kelley Hopkins, President of the Town Common Council; Donna Sabolick, Lake Clerk; and Betty Murphy, Lake Superintendent.