

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF ROSELAND

ST. JOSEPH COUNTY, INDIANA

January 1, 2013 to December 31, 2016



FILED

01/26/2018

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|-------------------|----------------------|
| Clerk-Treasurer | Robin Ackerson | 01-01-12 to 12-31-19 |
| President of the Town Council | Elizabeth McCombs | 01-01-13 to 12-31-17 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF THE TOWN OF ROSELAND, ST. JOSEPH COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Roseland (Town), for the period from January 1, 2013 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

December 14, 2017

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CLERK-TREASURER
TOWN OF ROSELAND

CLERK-TREASURER
TOWN OF ROSELAND
EXAMINATION RESULTS AND COMMENTS

INTERNAL CONTROLS

Control activities should be selected and developed at various levels to reduce risks of error and/or fraud of the financial statements. The Town had not separated incompatible activities related to all areas of the financial statements. The failure to establish these controls could enable material misstatements to occur and be undetected.

The Clerk-Treasurer prepared the financial statements for the Town without any evidence of an oversight review or approval process to ensure the financial statements were 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. . . ."

OVERDRAWN CASH AND INVESTMENT BALANCES

The same comment also appeared in prior Reports B37402, B39135, and B43219.

Cash and investment balances were overdrawn as of December 31, 2016, as follows:

| <u>Fund</u> | <u>Amount Overdrawn</u> |
|--------------------------|-----------------------------|
| Rainy Day | \$ 17,014 |
| Redevelopment Commission | 10,135 |
| Payroll | 76,791 |

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 unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)



December 28, 2017

Mr. Paul Joyce, CPA
State Examiner
State Board of Accounts
302 Washington St., Room E418
Indianapolis, Indiana 46204-2765

Re: Response to Audit for the years 2013-2016

Dear Mr. Joyce:

The State Board of Accounts audit for the four year period of 2013-2016 represents a fair and honest evaluation of the financial records of the Town of Roseland. Our examiner, Michelle Janosky, found some errors and informed me of the corrections that needed to be made, which were made promptly. She also found some shortcomings in the implementation of our Internal Controls, which she addressed with all of the Elected Officials of Roseland at the Exit Conference. As with most things in life, it is from our errors and shortcomings that we learn the most.

I believe that the Town of Roseland is on a solid course moving forward, and am thankful for the time and attention dedicated to our review.

Sincerely,

A handwritten signature in black ink that reads "Robin E. Ackerson". The signature is written in a cursive, flowing style.

Robin E. Ackerson
Clerk-Treasurer
Town of Roseland, Indiana

CLERK-TREASURER
TOWN OF ROSELAND
EXIT CONFERENCE

The contents of this report were discussed on December 14, 2017, with Robin Ackerson, Clerk-Treasurer; Elizabeth McCombs, President of the Town Council; Traci Newman, Town Council member; and Martin Madigan, Town Council member.