

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF INDIAN VILLAGE

ST. JOSEPH COUNTY, INDIANA

January 1, 2013 to December 31, 2016



**FILED**  
05/09/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Suzette Jozwiak	01-01-12 to 12-31-19
President of the Town Council	Geraldine Oppenheim	01-01-13 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF INDIAN VILLAGE, ST. JOSEPH COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Indian Village (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/](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 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

February 12, 2018

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TOWN COUNCIL  
TOWN OF INDIAN VILLAGE

TOWN COUNCIL  
TOWN OF INDIAN VILLAGE  
EXAMINATION RESULT AND COMMENT

***ADOPTION OF INTERNAL CONTROL STANDARDS***

The Town Council had not adopted the minimum internal control standards as defined in Indiana Code 5-11-1-27 or provided the required training on internal controls to personnel.

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

TOWN COUNCIL  
TOWN OF INDIAN VILLAGE  
EXIT CONFERENCE

The contents of this report were discussed on February 12, 2018, with Geraldine Oppenheim, President of the Town Council; Suzette Jozwiak, Clerk-Treasurer; and Michael Eby, Deputy Clerk-Treasurer.

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CLERK-TREASURER  
TOWN OF INDIAN VILLAGE

CLERK-TREASURER  
TOWN OF INDIAN VILLAGE  
EXAMINATION RESULTS AND COMMENTS

**BANK ACCOUNT RECONCILIATIONS**

The same comment appeared in prior Report B43472.

Bank reconcilements documenting outstanding checks, deposits in transit, and comparisons of reconciled bank balances to ledger balances were performed only at the end of each calendar year. On a monthly basis, marks were made on the bank statements to indicate if checks and deposits had cleared the bank.

The bank reconcilements as of December 31, 2013, 2014, 2015, and 2016, identified cash longs of \$2,043, \$2,029, \$2,103, and \$1,851, respectively.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

**INTERNAL CONROLS OVER FINANCIAL REPORTING**

The Town had not established a proper system of internal control to prevent, or detect and correct, errors on the financial statements. The Clerk-Treasurer prepared the financial statements; however, there was no evidence of an oversight, review, or approval process to ensure the financial statements were accurate. Furthermore, a comparison of the reconciled Cash and Investment Balances to the reported Cash and Investment Balances was not made.

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. . . ."

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

In the Annual Financial Report, the Clerk-Treasurer incorrectly certified that the Town had adopted the minimum internal control standards as required per Indiana Code 5-11-1-27(e) and that all personnel received training on the internal control standards.

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

Indiana Code 5-11-1-27(h) states:

"After June 30, 2016, the fiscal officer of a political subdivision shall certify in writing that:

- (1) the minimum internal control standards and procedures defined under subsection (e) have been adopted by the political subdivision; and
- (2) personnel, who are not otherwise on leave status, have received training as required by subsection (g)(2).

The certification shall be filed with the state board of accounts at the same time as the annual financial report required by section 4(a) of this chapter is filed. The certification shall be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

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."

**ACCOUNTS PAYABLE VOUCHER**

Accounts payable vouchers (claims) for payment of vendor invoices and payrolls were not signed by the Clerk-Treasurer to document that the claims were audited and found to be true and correct. Also, the Town Council did not sign the claims to indicate that the claims were allowed for payment.

Indiana Code 5-11-10-1.6(c) states in part:

"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 INDIAN VILLAGE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

**RECORD OF HOURS WORKED**

Records of hours worked were not maintained for the Deputy Clerk-Treasurer.

Indiana Code 5-11-9-4(b) states in part:

"The state board of accounts shall require that records be maintained showing which hours are worked each day by officers and employees: . . .

- (2) employed by more than one (1) public agency or in more than one (1) position by the same public agency . . ."

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employee's Service Record  
General Form 99B, Employee's Earnings Record  
General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**POWERS AND DUTIES**

The Town Council President signed the checks for the Town.

Indiana Code 36-5-6-6(a) states in part:

"The clerk-treasurer shall do the following:

- (1) Receive and care for all town money and pay the money out only on order of the town legislative body.
- (2) Keep accounts showing when and from what sources the clerk-treasurer has received town money and when and to whom the clerk-treasurer has paid out town money.
- (3) Prescribe payroll and account forms for all town offices.
- (4) Prescribe the manner in which creditors, officers, and employees shall be paid.
- (5) Manage the finances and accounts of the town and make investments of town money. . . ."

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

**OFFICIAL BOND**

The Clerk-Treasurer did not obtain an individual surety bond.

Indiana Code 5-4-1-18(a) states:

"(a) Except as provided in subsections (b), (c), and (d), the following individuals shall file and maintain in place an individual surety bond during each year that the individual serves as an officer, employee, or contractor:

- (1) City judges, controllers, clerks, and clerk-treasurers.
- (2) Town judges and clerk-treasurers.
- (3) Auditors, treasurers, recorders, surveyors, sheriffs, coroners, assessors, and clerks.
- (4) Township trustees.
- (5) Those employees directed to file an individual bond by the fiscal body of a city, town, or county.
- (6) Township assessors (if any).
- (7) Individuals:
  - (A) who are employees or contractors of a city, town, county, or township; and
  - (B) whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds:
    - (i) that belong to the federal government, the state, a political subdivision, or another governmental entity; and
    - (ii) in an amount that exceeds five thousand dollars (\$5,000) per year."

CLERK-TREASURER  
TOWN OF INDIAN VILLAGE  
EXIT CONFERENCE

The contents of this report were discussed on February 12, 2018, with Geraldine Oppenheim, President of the Town Council; Suzette Jozwiak, Clerk-Treasurer; and Michael Eby, Deputy Clerk-Treasurer.