

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF OLDENBURG

FRANKLIN COUNTY, INDIANA

January 1, 2013 to December 31, 2017



FILED

05/18/2018

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|--|-------------|
| Schedule of Officials | 2 |
| Transmittal Letter | 3 |
| Clerk-Treasurer: | |
| Audit Results and Comments: | |
| Internal Controls over Financial Transactions and Reporting..... | 6 |
| Internal Control Standards | 7 |
| Exit Conference | 8 |
| Town Council: | |
| Audit Result and Comment: | |
| Internal Control Standards | 10 |
| Exit Conference | 11 |

SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|--------------------------------|--|
| Clerk-Treasurer | Cynthia Laker | 01-01-12 to 12-31-19 |
| President of the Town Council | David Wahman Dennis Moeller | 01-01-13 to 12-31-17 01-01-18 to 12-31-18 |



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 OLDENBURG, FRANKLIN COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Oldenburg (Town), for the period from January 1, 2013 to December 31, 2017. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statements Audit Report of the Town, which provides our opinions 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 Audit 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 Audit Results and Comments, incorporated within this report, was not verified for accuracy.

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

April 5, 2018

(This page intentionally left blank.)

CLERK-TREASURER
TOWN OF OLDENBURG

CLERK-TREASURER
TOWN OF OLDENBURG
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

A similar comment appeared in prior Report B42357.

There were deficiencies in the internal control system of the Town related to Financial Transactions and Reporting.

Lack of Segregation of Duties: The Town had not separated incompatible activities related to Receipts and Financial Close and Reporting.

Receipts: One individual was primarily responsible for collecting, recording, and depositing all receipts, with the exception of utility collections. There was no control in place, such as an oversight, review, or approval process to ensure receipts were properly recorded and deposited.

Financial Close and Reporting: One individual prepared and submitted the Annual Financial Report financial information into the Indiana Gateway for Government Units (Gateway). The Clerk-Treasurer stated that the financial information was reviewed by the Town Council; however, the review was not documented.

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. . . ."

CLERK-TREASURER
TOWN OF OLDENBURG
AUDIT RESULTS AND COMMENTS
(Continued)

INTERNAL CONTROL STANDARDS

The following deficiencies were noted in our review of internal control standards:

1. The Town did not adopt the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts.
2. The Town's personnel have not received the required training over internal control standards.
3. The Town incorrectly certified in Gateway that the internal control standards had been adopted, and that training had been completed.

Indiana Code 5-11-1-27 states in part:

". . . (g) 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.

(h) 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. . . ."

CLERK-TREASURER
TOWN OF OLDENBURG
EXIT CONFERENCE

The contents of this report were discussed on April 5, 2018, with Cynthia Laker, Clerk-Treasurer, and Dennis Moeller, President of the Town Council.

TOWN COUNCIL
TOWN OF OLDENBURG

TOWN COUNCIL
TOWN OF OLDENBURG
AUDIT RESULT AND COMMENT

INTERNAL CONTROL STANDARDS

The following deficiencies were noted in our review of internal control standards:

1. The Town did not adopt the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts.
2. The Town's personnel have not received the required training over internal control standards.
3. The Town incorrectly certified in the Indiana Gateway for Government Units that the internal control standards had been adopted, and that training had been completed.

Indiana Code 5-11-1-27 states in part:

". . . (g) 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.

(h) 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. . . ."

TOWN COUNCIL
TOWN OF OLDENBURG
EXIT CONFERENCE

The contents of this report were discussed on April 5, 2018, with Cynthia Laker, Clerk-Treasurer, and Dennis Moeller, President of the Town Council.