

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF CLEAR LAKE

STEBEN COUNTY, INDIANA

January 1, 2013 to December 31, 2017



FILED
05/25/2018

TABLE OF CONTENTS

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

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kay Kummer	01-01-13 to 12-31-18
President of the Town Council	Robert Lewis Christopher Folland Roger Dammeier	01-01-13 to 12-31-14 01-01-15 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 CLEAR LAKE, STEUBEN COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Clear Lake (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 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 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 11, 2018

(This page intentionally left blank.)

CLERK-TREASURER
TOWN OF CLEAR LAKE

CLERK-TREASURER
TOWN OF CLEAR LAKE
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

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

The Town has not separated incompatible activities related to all areas of the financial statements.

The Town's bank reconciliements were prepared by the Clerk-Treasurer. There were no controls in place such as an oversight, review, or approval process of the bank reconciliements.

There is no segregation of duties for receipting of Town and Wastewater collections. The same person may collect, post, and deposit receipts.

The Clerk-Treasurer prepared and submitted the financial information into the Indiana Gateway for Government Units (Gateway) website. The internet website, Gateway, is the collection platform for local units of government to submit required data to the State of Indiana. All towns are required to submit their Annual Financial Reports via the Gateway. The Town, however, did not have effective controls to verify the accuracy of the financial information prior to submission.

The failure to establish these controls could enable material misstatements to be undetected.

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:

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

"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. . . ."

INTERNAL CONTROL TRAINING

The required personnel for the Town did not receive training over internal control standards developed by the Indiana State Board of Accounts.

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."

CLERK-TREASURER
TOWN OF CLEAR LAKE
EXIT CONFERENCE

The contents of this report were discussed on April 11, 2018, with Kay Kummer, Clerk-Treasurer.

TOWN COUNCIL
TOWN OF CLEAR LAKE

TOWN COUNCIL
TOWN OF CLEAR LAKE
AUDIT RESULT AND COMMENT

INTERNAL CONTROL TRAINING

The required personnel for the Town did not receive training over internal control standards developed by the Indiana State Board of Accounts.

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 CLEAR LAKE
EXIT CONFERENCE

The contents of this report were discussed on April 11, 2018, with Darin Thorp, Town Council member, and Christopher Folland, Town Council member.