

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

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



FILED
06/07/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rebecca L. Lowe Ashley Kelsey	01-01-12 to 12-31-17 01-01-18 to 12-31-19
President of the Town Council	John T. Rusk Michael W. Myers	01-01-12 to 12-31-15 01-01-16 to 12-31-18
Superintendent of Utilities	Lloyd Perry	01-01-12 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF NEW ROSS, MONTGOMERY COUNTY, INDIANA

This report is supplemental to our examination report of the Town of New Ross (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 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

March 15, 2018

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CLERK-TREASURER
TOWN OF NEW ROSS

CLERK-TREASURER
TOWN OF NEW ROSS
EXAMINATION RESULTS AND COMMENTS

PRESCRIBED FORMS

The following errors were noted regarding the use of forms during the examination period:

- Five of ten receipts tested were not dated; therefore, it could not be determined if they were deposited timely.
- Ten of ten receipts tested were not marked with the classification of the receipt (i.e. cash, check, etc.) and it could not be determined whether they were deposited in the same form received.
- For eight of ten receipts, it could not be determined if the receipt was recorded accurately in the ledger because the ledger entry was not dated.
- For twelve of twelve tested, time cards were missing for some employees. A total of twenty-five time cards were missing.
- In eleven of twelve months tested, payroll had not been properly posted to employee's earnings record.
- In two of twelve months tested, the employee earnings record did not match the employee's Internal Revenue Service Wage and Tax Statement (IRS Form W-2).

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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

CLERK-TREASURER
TOWN OF NEW ROSS
EXAMINATION RESULTS AND COMMENTS
(Continued)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

COMPENSATION AND BENEFITS

As an elected official, the Clerk-Treasurer is responsible for fulfilling all statutorily required duties at the rate of pay approved in the salary ordinance. During the examination period, the former Clerk-Treasurer was paid overtime for hours worked in excess of regular office hours. There were also instances in which the former Clerk-Treasurer's pay was reduced for those hours when she was not in the office during regular office hours. The net effect of the overtime and the pay reduction was an overpayment in the amount of \$5,517. The Town requested that Rebecca Lowe, former Clerk-Treasurer, reimburse \$5,517 to the Town and its utilities. Repayment was made on March 1, 2018.

In all months tested, there were employees for whom the amount and rate of pay was not in agreement with the salary ordinance. Of these errors, there were 15 missing time cards. For these 15 employees, the rate of pay could not be determined.

The pay reported on the IRS Form W-2 for one employee did not match the Employee Earnings Record.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

An elected official's compensation goes with the office. This means that the elected official receives his (or her) salary as long as the office to which the official was elected performs the duties and responsibilities of this office. Whether the elected official personally does the work, whether the elected official personally maintains office hours, or whether the elected official shows up at the office has no bearing on the official's right to be compensated. Keep in mind this relates only to elected officials. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CLERK-TREASURER
TOWN OF NEW ROSS
EXIT CONFERENCE

The contents of this report were discussed on March 15, 2018, with Rebecca L. Lowe, former Clerk-Treasurer; Ashley Kelsey, Clerk-Treasurer; Jason A. Haltom, Town Council member; and Michael W. Myers, President of the Town Council.