

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF BROOKSTON

WHITE COUNTY, INDIANA

January 1, 2013 to December 31, 2017



**FILED**  
07/24/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Regina Berryman	01-01-12 to 12-31-19
President of the Town Council	Joseph E. Butz	01-01-13 to 12-31-18
Superintendent of Utilities	Max Eldridge Cory Houchens	01-01-13 to 09-01-17 09-02-17 to 12-31-18



**STATE OF INDIANA**  
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TO: THE OFFICIALS OF THE TOWN OF BROOKSTON, WHITE COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Brookston (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/](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 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

May 21, 2018

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CLERK-TREASURER  
TOWN OF BROOKSTON

CLERK-TREASURER  
TOWN OF BROOKSTON  
AUDIT RESULTS AND COMMENTS

***FINANCIAL TRANSACTIONS AND REPORTING***

A similar comment also appeared in prior Report B42659, entitled *INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING*.

There were deficiencies in the internal control system for the Town related to financial transactions and reporting. The Town had not separated incompatible activities related to receipts, disbursements, and financial reporting.

*Receipts*

One employee issued, recorded, reconciled, and reported receipts without evidence of an oversight, review, or approval process.

*Disbursements*

After checks were issued, there was no evidence of an oversight, review, or approval process to ensure that the checks were accurately processed and recorded.

*Financial Reporting*

The Clerk-Treasurer prepared the financial statements; however, there was no evidence of an oversight, review, or approval process to ensure that 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.

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

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. . . ."

**CEMETERY FUND**

The Cemetery fund was closed and the balance in the fund was transferred and split between three utility funds. The cemetery was originally purchased from the Township and the purchase price was paid from the General fund. Additionally, there is no evidence of Town Council approval for the close and transfer of this fund.

Indiana Code 23-14-65-17 states in part:

"A cemetery board: . . .

(3) may collect and receive all money owed for:

- (A) the sale of lots;
- (B) the care of lots;
- (C) the care of graves;
- (D) the digging of graves; and
- (E) all other services rendered; and

(4) shall use and disburse the money received for the preservation, care, and improvement of the cemetery or cemeteries over which it has control and management."

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER  
TOWN OF BROOKSTON  
EXIT CONFERENCE

The contents of this report were discussed on May 21, 2018, with Regina Berryman, Clerk-Treasurer, and Joseph E. Butz, President of the Town Council.