

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF BRYANT

JAY COUNTY, INDIANA

January 1, 2014 to December 31, 2017



FILED
07/31/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Peggy A. Smitley	01-01-14 to 12-31-16
	Gregg G. Ellenberger (interim)	01-01-17 to 08-31-17
	Anita L. Alberson-Boice	09-01-17 to 12-31-18
President of the Town Council	Scott A. Schoenlein	01-01-14 to 12-31-17
	Gregg G. Ellenberger	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 BRYANT, JAY COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Bryant (Town), for the period from January 1, 2014 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 statement and federal program compliance. 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

June 26, 2018

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TOWN COUNCIL
TOWN OF BRYANT

TOWN COUNCIL
TOWN OF BRYANT
AUDIT RESULT AND COMMENT

ADOPTION OF INTERNAL CONTROL STANDARDS

The Town Council had not ensure that after June 30, 2016, the minimum level of internal control standards had been adopted and required personnel had received training on these standards. Each political subdivision must adopt these standards, train appropriate personnel, and implement policies and procedures consistent with the standards.

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 BRYANT
EXIT CONFERENCE

The contents of this report were discussed on June 26, 2018, with Anita L. Alberson-Boice, Clerk-Treasurer, and Gregg G. Ellenberger, President of the Town Council.

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CLERK-TREASURER
TOWN OF BRYANT

CLERK-TREASURER
TOWN OF BRYANT
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

A similar comment also appeared in prior Report B43880, entitled *FINDING 2013-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING*.

There were several deficiencies in the internal controls system of the Town related to financial transaction and reporting.

Cash and Investments: Bank Reconcilements were performed by the Clerk-Treasurer without an oversight, approval, or review process in place to ensure the accuracy of cash and investments balances.

Receipts: The Clerk-Treasurer collected cash, wrote receipts, posted the receipts to the ledger, prepared the deposit and took the deposit to the bank without an oversight, approval, or review process in place to ensure the accuracy of the receipts.

Disbursements/Payroll: One individual generated the checks, signed the checks, and recorded the checks in the financial accounting system without a proper system of oversight and review.

Financial Close and Reporting: The Clerk-Treasurer input the year-end information into the Indiana Gateway to Government Units financial reporting system, which was the source of the Annual Financial Report (AFR), without an oversight, approval, or review process in place to ensure the accuracy of the information submitted. The 2016 AFR and related financial statement did not include activity from the month of January, causing beginning balances to be overstated by \$31,589 and receipts and disbursements to be understated by \$11,039 and \$7,177, respectively. The beginning balances included an investment amount of \$27,727 that the Town did not actually have.

An audit adjustment was proposed, accepted by the Town, and made to the Town's financial statements.

CLERK-TREASURER
TOWN OF BRYANT
AUDIT RESULT AND COMMENT
(Continued)

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. . . ."

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."

CLERK-TREASURER
TOWN OF BRYANT
EXIT CONFERENCE

The contents of this report were discussed on June 26, 2018, with Anita L. Alberson-Boice, Clerk-Treasurer, and Gregg G. Ellenberger, President of the Town Council.