

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF ASHLEY

STEBEN COUNTY, INDIANA

January 1, 2015 to December 31, 2017



FILED
09/05/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Audit Result and Comment:	
Internal Controls	6
Exit Conference	7

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Karen McEntarfer	01-01-12 to 12-31-19
President of the Town Council	Don Farrington	01-01-15 to 12-31-15
	Randy McEntarfer	01-01-16 to 02-21-16
	(Vacant)	02-22-16 to 03-13-16
	Mike Hasselman	03-14-16 to 12-31-18
Superintendent of Utilities	James Pence	01-01-15 to 12-31-15
	Roger Green	01-01-16 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 ASHLEY, STEUBEN COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Ashley (Town), for the period from January 1, 2015 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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

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

August 21, 2018

(This page intentionally left blank.)

CLERK-TREASURER
TOWN OF ASHLEY

CLERK-TREASURER
TOWN OF ASHLEY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

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

Lack of Segregation of Duties: The Town had not separated incompatible activities related to cash, receipts, and disbursements. The Clerk-Treasurer was primarily responsible for collecting, recording, and depositing Town receipts, writing and posting both vendor and payroll checks, and completing the bank reconciliation. There was no control in place, such as an oversight, review, or approval process.

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 ASHLEY
EXIT CONFERENCE

The contents of this report were discussed on August 21, 2018, with Karen McEntarfer, Clerk-Treasurer; Michael Hasselman, President of the Town Council; and Lorraine Plumley, Town Council member.