

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF SIDNEY

KOSCIUSKO COUNTY, INDIANA

January 1, 2015 to December 31, 2017



FILED
09/21/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lana Wolfe	01-01-12 to 12-31-19
President of the Town Council	Kenneth Koontz Jack Wolfe	01-01-15 to 12-31-17 01-01-18 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF SIDNEY, KOSCIUSKO COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Sidney (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 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

August 22, 2018

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CLERK-TREASURER
TOWN OF SIDNEY

CLERK-TREASURER
TOWN OF SIDNEY
AUDIT RESULTS AND COMMENTS

BOARD MINUTES NOT COMPLETE

Not all of the required information was recorded in the minutes of the meetings of the Town Council. Names of members present were not recorded. No votes were recorded.

Indiana Code 5-14-1.5-4 states in part:

". . . (b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
 - (2) The members of the governing body recorded as either present or absent.
 - (3) The general substance of all matters proposed, discussed, or decided.
 - (4) A record of all votes taken, by individual members if there is a roll call.
 - (5) Any additional information required under section 3.5 of 3.6 of this chapter or any other statute that authorizes a governing body to conduct a meeting using an electronic means of communication.
- (c) The memoranda are to be available within a reasonable period of time after the meeting for the purpose of informing the public of the governing body's proceedings. The minutes, if any, are to be open for public inspection and copying."

PAYROLL WITHHOLDING TAXES AND REPORTING

The Town did not withhold federal or state taxes from salaries and wages paid to officers and employees. The Town did not report compensation of officers and employees to the Internal Revenue Service (IRS) or the State of Indiana on IRS Wage and Tax Statements - Form W-2. Instead, the Town reported those wages only to the IRS on IRS Miscellaneous Income - Form 1099-MISC. The amounts reported to the IRS were less than the amounts actually paid in the years 2015, 2016, and 2017 by \$1,780, \$300, and \$785, respectively.

CLERK-TREASURER
TOWN OF SIDNEY
AUDIT 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)

ERRORS ON CLAIMS

The same comment also appeared in prior Report B45458.

A test of claims identified the following deficiency with an error rate greater than 10 percent:

Either an accounts payable voucher was not presented or insufficient documentation was attached to the voucher presented for 30 percent of the disbursements tested. As a result of this error, expenditures totaling \$5,378 were not supported by a proper claim.

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

CLERK-TREASURER
TOWN OF SIDNEY
EXIT CONFERENCE

The contents of this report were discussed on August 22, 2018, with Lana Wolf, Clerk-Treasurer, and Jack Wolfe, President of the Town Council.

TOWN COUNCIL
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AUDIT RESULTS AND COMMENTS

SALARY ORDINANCES

A similar comment also appeared in prior Report B45458, entitled *SALARY ORDINANCES*.

The only salary ordinance presented for audit was for the year 2014, which contained a provision that salaries set therein ". . . shall be effective beginning January 1, 2014 and each year thereafter until such time as amended by subsequent ordinance." The Town Council minutes for the audit period contained no mention of a salary ordinance, and the Clerk-Treasurer indicated that 2014 salary ordinance was the last one drawn up.

The salary ordinance in effect included only the elected officials, and included only the base amount paid from the Town's General fund. Amounts paid from the Wastewater Utility Operating fund and additional compensation for services paid pursuant to Indiana Code 36-5-3-2(d) were not included in the salary ordinance. Total compensation paid for the years 2015, 2016, and 2017 exceeded the amount included in the salary ordinance by \$21,195, \$19,775, and \$20,105, respectively.

Indiana Code 36-5-3-2(b) states: "The town legislative body shall, by ordinance, fix the compensation of its own members, the town clerk-treasurer, and the town marshal. The legislative body shall provide reasonable compensation for other town officers and employees."

Indiana Code 36-5-3-2(d) states:

"The legislative body may provide that town officers and employees receive additional compensation for services that:

- (1) are performed for the town;
- (2) are not governmental in nature; and

TOWN COUNCIL
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AUDIT RESULTS AND COMMENTS
(Continued)

(3) are connected with the operation of a municipally owned utility or function.

Subject to the approval of the legislative body, the administrative agency operating the utility or function shall fix the amount of the additional compensation, which shall be paid from the revenues of the utility or function."

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)

ADOPTION OF INTERNAL CONTROL STANDARDS

The Town had not adopted internal controls standards and procedures. As a result, no training was provided.

Indiana 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."

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EXIT CONFERENCE

The contents of this report were discussed on August 22, 2018, with Jack Wolfe, President of the Town Council.