

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF REMINGTON

JASPER COUNTY, INDIANA

January 1, 2016 to December 31, 2016



FILED
09/28/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Athena Dickinson Terri Budde	01-01-16 to 07-14-16 07-15-16 to 12-31-19
President of the Town Council	Susan Flickner	01-01-16 to 12-31-18
Town Manager	Jonathan Cripe	01-01-16 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF REMINGTON, JASPER COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Remington (Town), for the period from January 1, 2016 to December 31, 2016. It has been provided as a separate report so that the reader may easily identify any Federal Findings that pertain to the Town. It should be read in conjunction with our Financial Statement and Federal Single 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/.

The Federal Finding, identified in the above referenced audit report, is included in this report.

Any Corrective Action Plan for the Federal Finding, incorporated within this report, was not verified for accuracy.

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

September 7, 2018

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CLERK-TREASURER
TOWN OF REMINGTON

CLERK-TREASURER
TOWN OF REMINGTON
FEDERAL FINDING

FINDING 2016-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition

There was a deficiency in the internal control system of the Town related to financial transactions. The Town had not designed and implemented proper segregation of duties related to receipts.

One individual balanced the cash drawer, prepared the deposit slip, and took the deposit to the bank. After collections were deposited, daily cash summary reports were verified to the deposit slip by the Clerk-Treasurer; however, evidence of the review was not documented.

The Clerk-Treasurer independently prepared and submitted the federal grant information in the Indiana Gateway for Government Units financial reporting system, which was the source of the Schedule of Expenditures of Federal Awards. There were no controls in place, such as an oversight or review process, to ensure the accuracy of the information prior to submission.

Context

This was a systemic issue throughout the audit period.

Criteria

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:

CLERK-TREASURER
TOWN OF REMINGTON
FEDERAL FINDING
(Continued)

"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. . . ."

Cause

Management of the Town had not established a proper system of internal control that segregated key functions.

Effect

The failure to establish controls could have enabled misstatements or irregularities to remain undetected.

Recommendation

We recommended that the Town establish a system of internal controls related to financial transactions and reporting.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

TOWN OF REMINGTON

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CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Terri Budde, Clerk-Treasurer
Contact Phone Number: (219) 208-3025

Views of Responsible Official:


Town of Remington and the Clerk-Treasurer concur with the finding.

Description of Corrective Action Plan:

The Clerk-Treasurer submits the AFR, including the SEFA, on the Gateway website. After the accountant reviews the reports, the AFR, including the SEFA, is submitted by the Clerk-Treasurer. The Accountant signs the AFR to document her review.

As to internal controls regarding daily utility receipts, the Town Manager counts the cash and writes out the daily deposit(s) for utilities. The Clerk-Treasurer counts the deposit(s) and initials the deposit slip that's taken to the bank by the Town Manager. Town Manager takes deposit(s) to the bank. Utility billing manager posts the daily receipts to the utility customers' accounts. Clerk-Treasurer receipts the daily receipts into fund.


Anticipated Completion Date: AFR/SEFA completed in 2017. Receipts process completed in September 2018.



(Signature)



(Title)



(Date)

CLERK-TREASURER
TOWN OF REMINGTON
EXIT CONFERENCE

The contents of this report were discussed on September 7, 2018, with Terri Budde, Clerk-Treasurer; Susan Flickner, President of the Town Council; James Stewart, Town Council member; and Charles Illingworth, Town Council member.