

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
TOWN OF SYRACUSE
KOSCIUSKO COUNTY, INDIANA
January 1, 2014 to December 31, 2017



FILED
10/12/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Julie Kline	01-01-12 to 12-31-15
	Paula Kehr-Wicker	01-01-16 to 12-30-18
President of the Town Council	Brian Woody	01-01-14 to 12-31-14
	Paul Stoelting	01-01-15 to 12-31-15
	Larry Siegel	01-01-16 to 12-31-16
	Thomas Hoover	01-01-17 to 12-31-17
	William E. Musser	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 SYRACUSE, KOSCIUSKO COUNTY, INDIANA

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

September 6, 2018

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CLERK-TREASURER
TOWN OF SYRACUSE

CLERK-TREASURER
TOWN OF SYRACUSE
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

There were deficiencies in the internal controls system of the Town related to financial transactions and reporting. The Town had not established proper segregation of duties related to cash and investments, payroll disbursements, and financial reporting.

Cash and Investments

The Clerk-Treasurer prepared the bank reconciliation at the end of every month. There was no review or approval process over the completed bank reconciliation to ensure its accuracy.

Payroll Disbursements

The Clerk-Treasurer entered salaries and hourly rates into the payroll system according to the salary ordinance. The Clerk-Treasurer entered data from timecards, approved by supervisors, into the payroll system for processing. There was no review or approval process over payroll processing to ensure rates and hours were entered correctly.

The Clerk-Treasurer prepared the quarterly payroll reports, year-end payroll reports, and Internal Revenue Service Wage and Tax Statement Form W-2 for the Town employees. There was no review or approval process over these reports to ensure the accuracy of the information reported.

Financial Reporting

Year-end fund reports were reviewed by the Town Council prior to submission into the Indiana Gateway for Government Units financial reporting system, which is the source for the Annual Financial Reports (AFR) and financial statements. The Clerk-Treasurer submitted the AFR without oversight, review, approval, or other compensating control to ensure the accuracy of the information submitted.

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 SYRACUSE
EXIT CONFERENCE

The contents of this report were discussed on September 6, 2018, with Julie Kline, former Clerk-Treasurer; Paula Kehr-Wicker, Clerk-Treasurer; William E. Musser, President of the Town Council; and Larry Martindale, Town Council member.