

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF NEW POINT

DECATUR COUNTY, INDIANA

January 1, 2012 to December 31, 2017



**FILED**  
11/03/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Viola Minning Clarise Minning	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President of the Town Council	Larry Byrd Freda Kegley	01-01-12 to 07-13-15 07-14-15 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF NEW POINT, DECATUR COUNTY, INDIANA

This report is supplemental to our audit report of the Town of New Point (Town), for the period from January 1, 2012 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/](http://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

September 27, 2018

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CLERK-TREASURER  
TOWN OF NEW POINT

CLERK-TREASURER  
TOWN OF NEW POINT  
AUDIT RESULTS AND COMMENTS

***INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

There were deficiencies in the internal control system for the Town related to financial transactions and reporting. The Town had not separated incompatible activities related to cash and investments, receipts, payroll disbursements, and financial close and reporting. The failure to establish these controls could have enabled material misstatements to remain undetected.

*Cash and Investments*

The Clerk-Treasurer prepared the bank account reconciliations for the Town and Utility without evidence of an oversight, review, or approval process.

*Receipts*

The Clerk-Treasurer collected funds, issued receipts, recorded receipts in the ledgers, prepared deposit tickets, and took deposits to the bank. The Clerk-Treasurer also recorded and approved adjustments to the ledgers and customer accounts. There was no documentation of an oversight, review, or approval process.

*Payroll Disbursements*

The Clerk-Treasurer was primarily responsible for processing and posting payroll disbursements. There was no documentation of an oversight, review, or approval process.

*Financial Close and Reporting*

The Clerk-Treasurer closed the financial records and entered the annual financial information into the Indiana Gateway for Government Units (Gateway) financial reporting system, which is the source for the Annual Financial Reports and the financial statements. There was no documentation of an oversight, review, or approval process.

CLERK-TREASURER  
TOWN OF NEW POINT  
AUDIT RESULTS AND COMMENTS  
(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. . . ."

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

The Clerk-Treasurer certified in Gateway that the Town's required personnel had received training over internal control standards in accordance with Indiana Code 5-11-1-27(g). The Town did not provide the required training.

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 NEW POINT  
EXIT CONFERENCE

The contents of this report were discussed on September 27, 2018, with Clarise Minning, Clerk-Treasurer; Viola Minning, former Clerk-Treasurer; Freda Kegley, President of the Town Council; and Mary Demaree, Town Council member.

TOWN COUNCIL  
TOWN OF NEW POINT

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AUDIT RESULT AND COMMENT

***ADOPTION AND TRAINING ON INTERNAL CONTROL STANDARDS***

The Town did not ensure that the acceptable minimum level of internal control standards had been adopted and that the required personnel received training on these 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 NEW POINT  
EXIT CONFERENCE

The contents of this report were discussed on September 27, 2018, with Clarise Minning, Clerk-Treasurer; Viola Minning, former Clerk-Treasurer; Freda Kegley, President of the Town Council; and Mary Demaree, Town Council member.