

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF BARGERSVILLE

JOHNSON COUNTY, INDIANA

January 1, 2014 to December 31, 2017



FILED
12/13/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Audit Results and Comments:	
Certified Report Filed After Due Date	6
Internal Controls over Financial Transactions and Reporting.....	6
Official Response.....	7
Exit Conference	8

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Steven W. Longstreet Nancy Kehl	01-01-14 to 07-23-18 07-24-18 to 12-31-18
President of the Town Council	Kenneth Zumstien Gayle Allard Jim Beck Bruce Morris	01-01-14 to 12-31-15 01-01-16 to 12-31-16 01-01-17 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 BARGERSVILLE, JOHNSON COUNTY, INDIANA

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

December 13, 2018

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CLERK-TREASURER
TOWN OF BARGERSVILLE

CLERK-TREASURER
TOWN OF BARGERSVILLE
AUDIT RESULTS AND COMMENTS

CERTIFIED REPORT FILED AFTER DUE DATE

The Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) was filed after the due date for 2015 and 2016. The 2015 Form 100-R was filed February 16, 2016, and the 2016 Form 100-R was filed February 2, 2017, which was 16 days and 2 days, respectively, past the due date.

Indiana Code 5-11-13-1(a) states in part:

"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. . . . The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We identified deficiencies in the internal control system of the Town related to financial transactions and reporting. The Town had not separated incompatible activities related to cash and investments.

The Town did not provide documentation that incompatible activities related to bank reconcilements had been separated. A review of the bank reconcilements was performed by someone other than the employee responsible for completing the reconcilements; however, that verification could not be substantiated.

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. . . ."

Bargersville Town Council

Kenneth Zumstein

Jim Beck

Gayle Allard

Bruce Morris

Rowana Umbarger



Clerk Treasurer

Nancy Kehl

December 13, 2018

Nancy Kehl, IAMC, CMC
Clerk – Treasurer
Town of Bargersville, Indiana

RE: Internal Control deficiency

State Board of Accounts:

- The Town did not supply a review of the bank reconciliements after they were performed by the individual doing this job.
 - Since the auditor has brought the lack of identifiable controls to the attention of the Clerk-Treasurer's office we have immediately assigned an individual to complete this task after the bank reconciliation is complete. We have requested documentable markings on the file to ensure verifiability.
- The Certified Personnel Report (100R) was late in 2015 and 2016.
 - Since that time we have enlisted a new payroll clerk and have implemented an annual planning calendar with procedural steps.

Respectfully,

A handwritten signature in black ink that reads "Nancy Kehl". The signature is written in a cursive, flowing style.

Nancy Kehl, IAMC, CMC

CLERK-TREASURER
TOWN OF BARGERSVILLE
EXIT CONFERENCE

The contents of this report were discussed on December 13, 2018, with Nancy Kehl, Clerk-Treasurer; Bruce Morris, President of the Town Council; Becky Thompson, Deputy Clerk-Treasurer; and Laurie Campbell, Assistant Controller.