

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF STINESVILLE

MONROE COUNTY, INDIANA

January 1, 2016 to December 31, 2016



FILED

01/18/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lois Pursell	01-01-15 to 12-31-18
President of the Town Council	Kimberly Cunningham	01-01-16 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 STINESVILLE, MONROE COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Stinesville (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 Audit Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statement Audit Report of the Town, which provides our opinion on the Town's financial statement. 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 5, 2018

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TOWN COUNCIL
TOWN OF STINESVILLE

TOWN COUNCIL
TOWN OF STINESVILLE
AUDIT RESULT AND COMMENT

INTERNAL CONTROL TRAINING

The Town could not provide supporting documentation that the Clerk-Treasurer and Town Council had completed the minimum internal control standards training.

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

TOWN COUNCIL
TOWN OF STINESVILLE
EXIT CONFERENCE

The contents of this report were discussed on December 5, 2018, with Lois Pursell, Clerk-Treasurer, and Kimberly Cunningham, President of the Town Council.

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CLERK-TREASURER
TOWN OF STINESVILLE

CLERK-TREASURER
TOWN OF STINESVILLE
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. There was a lack of segregation of duties as the Town had not separated incompatible activities related to cash and investments, receipts, disbursements, and financial reporting.

The Clerk-Treasurer performed all of the activities related to cash and investments, receipting, disbursing, and financial reporting without oversight or review.

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. . . ."

INTERNAL CONTROL TRAINING

The Clerk-Treasurer certified on the Annual Financial Report (AFR) that internal control standard training had been provided to personnel. However, no documentation was provided the personnel had received the training. Therefore, the certification on the AFR was incorrect.

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](#)."



TOWN OF STINESVILLE

P.O. BOX 66

Stinesville, Indiana 47464

December 10, 2018

State Board of Accounts
302 West Washington Street
Indianapolis, IN 46204-2765

OFFICIAL RESPONSE

Period examined: 01-01-16 to 12-12-16

To Whom it May Concern:

The Uniform Internal Control Standards for Indiana Political Subdivisions by Paul D. Joyce, CPA State Examiner was printed and studied by myself. I signed the sheet of paper. I also know that [REDACTED] looked at the video for the 30 minutes and handed me her signed sheet of paper. She looked at again when her mother, [REDACTED] [on the Park Board], looked at the video. I remember talking to [REDACTED] Parka Board member, about what I would need from her regarding the money she took in during our festival. After watching the video, she understood why I wanted a list of the people who bought the silent auction items and the amount each one paid. For the last two festivals she has given me the money and list, which I verify with her to the sheets of paper used for the bidding. I had her signed paper also. I remember [REDACTED] handing me her signed paper.

What I can't remember is if I ever received the paper from [REDACTED]

[REDACTED] I know you do not want excuses. I did have the paper from [REDACTED]

I have looked everywhere and the only thing I can think of is that during the audits of 2012 thru 2015 they might have asked to see them. But I have thoroughly looked in the tote that still has theses records and the papers are not there.

Please accept this letter and know that some of us have looked at the video. I have given our two newest Town Board members the www.in.gov/sboa site to look at and hand me the signed paper at our January 8, 2019 meeting. Kim and Sharon will look at it together and I will probably have their papers before Christmas. I will contact the Park Board members and give them the web site. I need to get with them to sign claims so I will get their signed papers at that time.

Town of Stinesville

Lois Pursell
Clerk-Treasurer

LP/lp

CLERK-TREASURER
TOWN OF STINESVILLE
EXIT CONFERENCE

The contents of this report were discussed on December 5, 2018, with Lois Pursell, Clerk-Treasurer, and Kimberly Cunningham, President of the Town Council.