

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF HYMERA

SULLIVAN COUNTY, INDIANA

January 1, 2013 to December 31, 2017



FILED
01/25/2019

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Audit Results and Comments:	
Timely Recording	6
Certification on Internal Control Standards	6
Internal Controls	6-7
Exit Conference	8

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jillena M. Street Nicole Hall	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President of the Town Council	Russell Knight J.R. Weddle James Enstrom	01-01-13 to 12-31-13 01-01-14 to 12-31-15 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 HYMERA, SULLIVAN COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Hymera (Town), for the period from January 1, 2013 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

September 6, 2018

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CLERK-TREASURER
TOWN OF HYMERA

CLERK-TREASURER
TOWN OF HYMERA
AUDIT RESULTS AND COMMENTS

TIMELY RECORDING

Receipts and disbursements for the Sewage Util Bon & Int fund were not recorded in the Town's financial records for 2016 or 2017, but were reported on the financial statements for those years.

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CERTIFICATION ON INTERNAL CONTROL STANDARDS

At the time that the 2016 and 2017 Annual Financial Report was submitted, the Town had not adopted or trained personnel on minimum internal control standards required in Indiana Code. However, the Clerk-Treasurer incorrectly certified that the Town had adopted minimum internal control standards and that personnel had been trained.

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](#)."

INTERNAL CONTROLS

A similar comment also appeared in prior Report B42577, entitled *INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING*.

CLERK-TREASURER
TOWN OF HYMERA
AUDIT RESULTS AND COMMENTS
(Continued)

The Town had not established an adequate internal control structure related to financial transactions and reporting. The Town had not separated incompatible activities related to receipts and utility billings and collections. The failure to establish these controls could have enabled material misstatements to be undetected. The Deputy Clerk-Treasurer received payments, posted customer accounts, and prepared deposits. No further review, approval, or oversight of the receipting process was identified.

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 HYMERA
EXIT CONFERENCE

The contents of this report were discussed on September 6, 2018, with Nicole Hall, Clerk-Treasurer; James Enstrom, President of the Town Council; Mark Stewart, Town Council member; and Jillena M. Street, former Clerk-Treasurer.