

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF SUMMITVILLE

MADISON COUNTY, INDIANA

January 1, 2014 to December 31, 2017



FILED

01/25/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kelley Kornbroke	01-01-12 to 12-31-19
President of the Town Council	Bart Matney	01-01-14 to 12-31-14
	Robert Atkins	01-01-15 to 12-31-15
	Bart Matney	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 SUMMITVILLE, MADISON COUNTY, INDIANA

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

December 13, 2018

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CLERK-TREASURER
TOWN OF SUMMITVILLE

CLERK-TREASURER
TOWN OF SUMMITVILLE
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

The Town had not separated incompatible activities related to receipts on the financial statements.

The Deputy Clerk-Treasurer collected, posted, and deposited all receipts.

The failure to separate these activities and establish adequate controls could enable material misstatements to exist and be undetected.

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. . . ."

TOWN OF SUMMITVILLE

CLERK/TREASURER: KELLEY KORNBROKE

TOWN COUNCIL MEMBERS: SCOTT KORNBROKE, BART MATNEY, MICHELLE MORRISON, DEWAYNE PRESLEY, DEEANNA STITT
109 SOUTH MAIN STREET, P.O. BOX 368, SUMMITVILLE, INDIANA 46070

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Official Response to 2014-2017 audit comment regarding receipt segregation of duties:

In response to the comment on segregation of duties regarding receipts, the Clerk Treasurer's office has created and implemented new procedures providing improved internal controls. The Deputy Clerk Treasurer will post payments daily and update the utility program. The Clerk Treasurer will then make the daily deposit with the bank and will issue a receipt in the accounting software system. As these processes are refined, additional modifications may be incorporated for improved monitoring and control purposes.

Sincerely,



Kelley Kornbroke
Clerk Treasurer
Town of Summitville

CLERK-TREASURER
TOWN OF SUMMITVILLE
EXIT CONFERENCE

The contents of this report were discussed on December 13, 2018, with Kelley Kornbroke, Clerk-Treasurer, and Bart Matney, President of the Town Council.