

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF MOORESVILLE

MORGAN COUNTY, INDIANA

January 1, 2016 to December 31, 2017



FILED
02/11/2019

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Audit Result and Comment:	
Internal Controls	6
Official Response.....	7
Exit Conference	8

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sandra R. Perry	01-01-16 to 12-31-19
President of the Town Council	Mark E. Mathis Tom A. Warthen	01-01-16 to 12-31-17 01-01-18 to 12-31-19
Town Judge	Susan J. Leib	01-01-16 to 12-31-19



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 MOORESVILLE, MORGAN COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Mooresville (Town), for the period from January 1, 2016 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 pertains 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 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

January 9, 2019

(This page intentionally left blank.)

CLERK-TREASURER
TOWN OF MOORESVILLE

CLERK-TREASURER
TOWN OF MOORESVILLE
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

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 receipts, and financial close and reporting. The failure to establish and maintain internal controls could have enabled material misstatements or irregularities to remain undetected.

Town Receipts - The Town had not separated incompatible activities related to receipts. Multiple employees receipted in money, prepared the deposit, and took the money to the bank without any evidence of oversight during the process.

Financial Transactions and Reporting - The Clerk-Treasurer and Deputy Clerk-Treasurer entered financial information into the Annual Financial Report (AFR) for submission through the Indiana Gateway for Government Units (Gateway). There was not any evidence of review or approval of the financial information prior to the Clerk-Treasurer certifying the submission of the AFR in Gateway.

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 MOORESVILLE

4 East Harrison Street

Mooresville, Indiana 46158

Telephone (317) 831-1608

Fax (317) 831-9559

OFFICE OF
Sandra R. Perry
Clerk-Treasurer

TOWN OF MOORESVILLE

This is the Town of Mooresville's official response to the Audit findings for calendar years 2016 and 2017:

In the area of Internal Controls: Since Internal Controls became part of the State Statute in the year 2016, the Mooresville Clerk's Office has implemented many new processes, specifically in the area of separation of duties. While we felt we were making adequate changes for an office of our size, we realize this is a new and ever evolving process and we could have done more in the way of documenting those new processes so that they would be more apparent in an audit. This being said, we have already begun altering those processes to better meet the expectations of the SBOA on future audits.

Respectfully,

A handwritten signature in black ink that reads "Sandra R. Perry". The signature is written in a cursive style with a large, prominent "S" and "P".

Sandra R. Perry, Clerk-Treasurer
Town of Mooresville

CLERK-TREASURER
TOWN OF MOORESVILLE
EXIT CONFERENCE

The contents of this report were discussed on January 9, 2019, with Sandra R. Perry, Clerk-Treasurer; Tom A. Warthen, President of the Town Council; Mark E. Mathis, Town Council member; and Debra Monts, Deputy Clerk-Treasurer.