

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF FARMERSBURG

SULLIVAN COUNTY, INDIANA

January 1, 2013 to December 31, 2017



**FILED**  
02/20/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Cindy Davis	01-01-12 to 12-31-15
	Lisa Ruckriegel	01-01-16 to 06-26-16
	(Vacant)	06-27-16 to 07-16-16
	Margaret Tuttle	07-17-16 to 12-31-19
President of the Town Council	Woodrow Power III	01-01-13 to 12-31-15
	Jim Bishop	01-01-16 to 12-31-17
	Mike Bledsoe	01-01-18 to 12-31-18
Utility Office Clerk	(Vacant)	01-01-13 to 02-19-14
	Rachel Whippo	02-20-14 to 07-10-14
	(Vacant)	07-11-14 to 12-31-15
	Dayna King	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 FARMERSBURG, SULLIVAN COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Farmersburg (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/](http://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 20, 2018

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CLERK-TREASURER  
TOWN OF FARMERSBURG

CLERK-TREASURER  
TOWN OF FARMERSBURG  
AUDIT RESULTS AND COMMENTS

**DEPOSITS - WASTEWATER UTILITY**

Deposits for wastewater utility customer payments were not made timely. Of the 60 months in the audit period, we identified deposits in 28 of those months were not being made by the next business day. Deposits were made up to one week later than the date of customer payments.

Indiana Code 5-13-6-1(d) states in part:

"Except as provided in subsection (g), a . . . town shall deposit funds not later than the next business day following the receipt of the funds in depositories:

- (1) elected by the . . . town as provided in an ordinance adopted by the . . . the town; and
- (2) pproved as depositories of state funds."

Indiana Code 5-13-6-1(g) states in part:

"The following are not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars (\$500): . . .

- (2) A local officer of a political subdivision required to deposit funds under subsection (c) other than a township trustee.
- (3) A city or a town required to deposit funds under subsection (d). . . ."

**ADVANCE PAYMENTS**

All Town employees were paid on regular weekly pay dates throughout the audit period. Both hourly and salaried employees received their pay prior to having worked the entire day on the last day of the pay period. Therefore, all employees received compensation in advance.

Compensation and any other payments for goods and services must not be paid in advance of receipt of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**PRESCRIBED FORMS**

The Town did not use the following prescribed forms:

- Register of Investments, General Form 350
- Employee's Service Record General Form 99A
- General Receipt Town Form 217
- Accounts Payable Voucher, Town Form 39
- Municipal Sewage Utility Accounts Payable Voucher, Utility Form 311S

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

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**OVERDRAWN CASH BALANCES**

The financial statements presented for audit included the following funds with overdrawn cash balances as of December 31:

Fund	Amount Overdrawn December 31, 2013	Amount Overdrawn December 31, 2014	Amount Overdrawn December 31, 2015	Amount Overdrawn December 31, 2016	Amount Overdrawn December 31, 2017
Payroll Account	\$ 6,543	\$ 15,012	\$ 25,302	\$ 3,394	\$ -
Sanitation Services	1,739	14,476	23,006	22,452	36,029
Local Road and Streets	191	-	-	-	1,132

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**CONDITION OF RECORDS**

A similar comment also appeared in prior Report B43085, entitled *ANNUAL REPORT FILED WITH ERRORS*.

Financial records presented for audit contained the following issues:

1. There was no detailed listing of transactions for receipts and disbursements for the audit period.
2. Monthly fund reports were used to abstract receipts and disbursements for the year. The monthly fund report for May 2015 was missing. The calculated balances did not agree to the fund totals used for reconciling in 2013 through 2017.
2. Monthly fund reports did not include sewer receipts for seven months in 2014 and seven months in 2015, although deposits were made to the sewer bank account.
4. Deleted utility payments for 2013 through 2015 totaled \$90,571. Detailed transactions and documentation reflecting the deleted payments could not be located on the individual customer's accounts.
5. The Town's monthly fund reports did not agree with the financial information recorded in the Town's Annual Financial Report (AFR) submitted in Indiana Gateway for Government Units financial reporting system and used to compile the Town's financial statements.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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

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)

***DELINQUENT WASTEWATER ACCOUNTS***

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor, which would result in a lien against the property for the audit period.

Indiana Code 36-9-23-33 states in part:

". . . (c) Except as provided in subsection (m), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
  - (A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.
  - (B) A description of the premises, as shown by the records of the county auditor.
  - (C) The amount of the delinquent fees, together with the penalty.
- (2) An individual instrument for each lot or parcel of real property on which the fees are delinquent.

(d) The officer shall record a copy of each list or each individual instrument with the county recorder . . .

(f) . . . Using the lists and instruments prepared under subsection (c) and recorded under subsection (d), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (d), certify to the county auditor a list of the unpaid liens for collection with the next may installment of property taxes. . . ."

***APPROVAL OF CLAIMS***

Checks issued by the Clerk-Treasurer for payments did not have the necessary certifications. The Clerk-Treasurer did not sign the certification on the claims docket that the invoice for the payment had been audited or certify the invoice or bill was true and correct.

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

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

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

***PENALTIES, INTEREST AND OTHER CHARGES***

Penalties, interest and other charges were paid to the Internal Revenue Service, Indiana Department of Revenue, Indiana Department of Workforce Development and credit card vendors totaling \$1,867 during the audit period.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

***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 cash and investments, receipts, disbursements (including payroll), and financial close and reporting. The ledger did not support the AFR, which was used to compile the financial statements.

The Town has not established monitoring processes over internal controls. Monitoring processes should be selected and developed at various levels to reduce risks of error and/or fraud of the financial statements. The failure to establish these controls could enable material misstatements to 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:

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

"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. . . ."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . .

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

**ORDINANCES AND RESOLUTIONS - UTILITY CUSTOMER ACCOUNT ADJUSTMENTS**

We identified adjustments to utility customer's accounts that were unapproved and undocumented totaling \$135,822. The adjustments by year were as follows:

<u>Year</u>	<u>Adjustment Amount</u>
2013	\$ 9,636
2014	49,172
2015	72,958
2016	3,568
2017	<u>488</u>
	<u>\$ 135,822</u>

We also identified a report entitled "Deleted Payments," which listed payments to customer's accounts that were deleted. These deletions, totaling \$90,570 for the audit period, were not reflected on the individual customer's account. There was no supporting documentation such as an adjustment request, a documented reason for the deleted payments, or approval by the Town Council. The Town had no formal procedures for adjustments to utility accounts.

Documentation must exist for all efforts made by the unit to collect amounts owed prior to any write-offs. Write-offs or adjustments to records which are not documented or warranted may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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

**PAYROLL**

We noted the following deficiencies related to payroll:

1. Payments made during the audit period did not always agree with the approved salary ordinance.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

2. In some instances, supporting documentation, such as time cards and timesheets, was not presented for audit to support overtime hours paid to employees. Time cards and timesheets were not signed by the employees nor approved by the department head.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

3. A former Clerk-Treasurer paid the Deputy Clerk-Treasurer position in 2014 and another former Clerk-Treasurer paid a part-time Utility Clerk in 2016, even though compensation for these positions had not been fixed on their respective salary ordinances.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

4. One Town employee's 2017 Internal Revenue Service (IRS) Wage and Tax Statement (Form W-2) reported \$128 less than that employee's earnings record.

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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

**HEALTHCARE DEDUCTION BENEFIT**

A former Clerk-Treasurer and a former Utilities Maintenance Coordinator were both paid \$1,000 per year from 2013 through 2015 for healthcare deduction benefit. This additional compensation was not included on the Town's salary ordinance for these years, nor on the employees' IRS Form W-2. No other documentation was presented for audit to support the authority for these payments.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**OVERPAYMENT OF SALARY**

On March 1, 2016, Mike Bledsoe (Bledsoe) was appointed to the Town Council. Bledsoe received compensation for the months of January and February, which was prior to his appointment. This resulted in an overpayment of \$125. On December 18, 2018, Bledsoe reimbursed the Town \$125 for the salary overpayment.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

The Clerk-Treasurer certified on the 2016 and 2017 AFRs that internal controls standards had been adopted and that training had been received. The internal control standards and related training had not, in fact, been adopted or provided. Therefore, the AFRs for these years were 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](#)."

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

***ANNUAL FINANCIAL REPORT***

The AFR for 2015 was not filed electronically until March 31, 2016, which was 30 days past the due date. The AFR for 2016 was not filed electronically until March 30, 2017, which was 29 days past the due date.

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](#)."

CLERK-TREASURER  
TOWN OF FARMERSBURG  
EXIT CONFERENCE

The contents of this report were discussed on December 20, 2018, with Margaret Tuttle, Clerk-Treasurer; Cindy Davis, former Clerk-Treasurer; Dayna King, Utility Office Clerk; Mike Bledsoe, President of the Town Council; and Jim Bishop, Town Council member.

TOWN COUNCIL  
TOWN OF FARMERSBURG

TOWN COUNCIL  
TOWN OF FARMERSBURG  
AUDIT RESULTS AND COMMENTS

***CREDIT CARD POLICY***

Credit cards from various financial institutions and vendors were used by Town officials during the audit period without a credit card policy approved by the Town Council.

The SBOA will not take exception to the use of credit cards by a unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance/resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the governing body.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance/resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the responsible person.
- (5) The designated responsible official or employee must maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned.
- (6) Credit cards must not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing body and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment cannot be made on the basis of a statement or a credit card slip only. Procedures for payments must be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee may be the personal obligation of that officer or employee.
- (8) If authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

***APPROVAL OF CLAIMS***

Checks issued by the Clerk-Treasurer for payments were listed on an Accounts Payable Voucher Register (Claim Docket) to document Town Council approval. However, the claim docket was signed by only one Town Council member during 2017, instead of a majority of the members, as being allowed and approved for payment. The minutes of Town Council meetings did not indicate any Town Council action approving payments.

TOWN COUNCIL  
TOWN OF FARMERSBURG  
AUDIT RESULTS AND COMMENTS  
(Continued)

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over all allowance of payment of the claim. . . ."

**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 cash and investments, receipts, disbursements (including payroll), and financial close and reporting. The ledger did not support the AFR, which was used to compile the financial statements.

The Town has not established monitoring processes over internal controls. Monitoring processes should be selected and developed at various levels to reduce risks of error and/or fraud of the financial statements. The failure to establish these controls could enable material misstatements to be undetected.

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"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. . . .

TOWN COUNCIL  
TOWN OF FARMERSBURG  
AUDIT RESULTS AND COMMENTS  
(Continued)

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. . . ."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . .

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

**ORDINANCES AND RESOLUTIONS - UTILITY CUSTOMER ACCOUNT ADJUSTMENTS**

Adjustments to utility customer accounts were identified during the audit period totaling \$135,822 as follows:

Year	Adjustment Amount
2013	\$ 9,636
2014	49,172
2015	72,958
2016	3,568
2017	488
	<u>\$ 135,822</u>

No approval of the adjustments by the Town Council was presented for audit. Additionally, the Town did not have any written policy regarding bad debt write off or adjustments to record balances.

The governing body of a unit must have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balance. Documentation must exist for all efforts made by the unit to collect amounts owed prior to any write-offs. Write-offs or adjustments to records which are not documented or warranted may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**MEMBERSHIPS**

A payment of \$759 was made for a lifetime membership of a former Clerk-Treasurer to Strathmore's Who's Who Worldwide Edition on February 22, 2013. The Town did not have a policy regarding memberships, including what types of memberships would be appropriate for the Town, Town officials, or Town employees.

TOWN COUNCIL  
TOWN OF FARMERSBURG  
AUDIT RESULTS AND COMMENTS  
(Continued)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the unit. Any personal expenses paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

***ADOPTION OF INTERNAL CONTROL STANDARDS***

The Town Council failed to adopt internal control standards as required by statute and could not provide evidence personnel received training.

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

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

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

TOWN COUNCIL  
TOWN OF FARMERSBURG  
EXIT CONFERENCE

The contents of this report were discussed on December 20, 2018, with Mike Bledsoe, President of the Town Council, and Jim Bishop, Town Council member.