

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF FRENCH LICK

ORANGE COUNTY, INDIANA

January 1, 2016 to December 31, 2016



**FILED**  
03/15/2019



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Clerk-Treasurer:	
Federal Findings:	
Finding 2016-001	
Preparation of the Schedule of Expenditures of Federal Awards .....	6-7
Finding 2016-002	
Internal Controls over Cash and Investments .....	7-8
Corrective Action Plan .....	9-10
Exit Conference .....	11
Town Council:	
Federal Finding:	
Finding 2016-002	
Internal Controls over Cash and Investments .....	14-15
Corrective Action Plan .....	16
Exit Conference .....	17
Revolving Loan Department:	
Federal Findings:	
Finding 2016-003	
Internal Controls over Revolving Loan Funds .....	20-21
Finding 2016-004	
Economic Adjustment Assistance - Allowable Costs/Cost Principles .....	21-22
Finding 2016-005	
Economic Adjustment Assistance - Internal Controls .....	22-24
Finding 2016-006	
Economic Adjustment Assistance - Special Tests and Provisions - Loan Requirements .....	24-25
Corrective Action Plan .....	26-29
Exit Conference .....	30

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Melinda Pendley	01-01-16 to 12-31-19
President of the Town Council	Barry M. Winger	01-01-16 to 12-31-18
Superintendent of the Wastewater Utility	Chris Mills	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](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE TOWN OF FRENCH LICK, ORANGE COUNTY, INDIANA

This report is supplemental to our audit report of the Town of French Lick (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 Federal Findings that pertain to the Town. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the Town, which provides our opinions on the Town's financial statement and federal program compliance. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

The Federal Findings, identified in the above referenced audit report, are included in this report.

Any Corrective Action Plan for the Federal Findings, incorporated within this report, was not verified for accuracy.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

December 20, 2018

(This page intentionally left blank.)

CLERK-TREASURER  
TOWN OF FRENCH LICK

CLERK-TREASURER  
TOWN OF FRENCH LICK  
FEDERAL FINDINGS

**FINDING 2016-001**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-003.

*Condition*

The Town did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Clerk-Treasurer was solely responsible for entering the federal program information into the Indiana Gateway for Government Units financial reporting system, which was the source of the SEFA. There was no evidence of an oversight, review, or approval process, or other compensating control to ensure the accuracy of the SEFA.

*Context*

The lack of internal controls was a systemic issue throughout the audit period.

*Criteria*

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. . . ."

*Cause*

Management had not established a system of internal control to ensure proper reporting of the SEFA.

*Effect*

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA could have occurred and remained undetected.

CLERK-TREASURER  
TOWN OF FRENCH LICK  
FEDERAL FINDINGS  
(Continued)

*Recommendation*

We recommended that the Town's management establish controls, including segregation of duties, related to the preparation of the SEFA.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2016-002**

Subject: Internal Controls over Cash and Investments  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-001.

*Condition*

There were deficiencies in the internal control system of the Town related to cash and investments. The Clerk-Treasurer prepared the monthly bank reconciliations without evidence of an oversight, review, or approval process.

*Context*

The lack of internal controls was a systemic issue throughout the audit period.

*Criteria*

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 FRENCH LICK  
FEDERAL FINDINGS  
(Continued)

*Cause*

Management of the Town had not established a proper system of internal control over cash and investments.

*Effect*

The failure to establish and properly implement controls could have enabled material misstatements or irregularities to remain undetected.

*Recommendation*

We recommended that the Town establish a system of internal controls related to cash and investments.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**Town of French Lick**  
7949 W Hunters Run Drive  
French Lick, Indiana 47432-8315

**BOARD OF TRUSTEES**

Barry Wininger (President)  
John H. Harrison  
Marlene Noble  
Don Renner  
Tony Watts

**CLERK TREASURER**

Melinda Pendley

Incorporated May 2, 1857  
Telephone 812.936.4737  
Fax: 812.936.7006

**CORRECTIVE ACTION PLAN**

**FINDING 2016-001**


Contact Person Responsible for Corrective Action: Melinda Pendley, Clerk-Treasurer  
Contact Phone Number: (812) 936-4737


Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Clerk-Treasurer has worked to develop a system of internal controls to prevent errors on the Schedule of Expenditures of Federal Awards (SEFA) and to accurately report these federal awards. Financial information is entered into Gateway by the Clerk-Treasurer after review and approval by the appropriate personnel, i.e. Revolving Loan Executive Director, Airport Manager, etc.

Anticipated Completion Date: Effective June 2017

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)

**Town of French Lick**  
7949 W Hunters Run Drive  
French Lick, Indiana 47432-8315

**BOARD OF TRUSTEES**

Barry Wininger (President)  
John H. Harrison  
Marlene Noble  
Don Renner  
Tony Watts

**CLERK TREASURER**

Melinda Pendley

Incorporated May 2, 1857

Telephone 812.936.4737

Fax: 812.936.7006

CORRECTIVE ACTION PLAN

**FINDING 2016-002**

Contact Person Responsible for Corrective Action: Melinda Pendley, Clerk-Treasurer


Contact Phone Number: (812) 936-4737


Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Due to timing of the 2015 audit completed in 2017, the Clerk-Treasurer was unable to correct the finding for 2016 until 2017. Financial transactions and reporting and bank reconciliations are reviewed and approved by appropriate personnel. Each month the Clerk-Treasurer prepares the monthly financial information to each Board for their review and approval.

Anticipated Completion Date: Effective January 2019

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)

CLERK-TREASURER  
TOWN OF FRENCH LICK  
EXIT CONFERENCE

The contents of this report were discussed on December 20, 2018, with Melinda Pendley, Clerk-Treasurer; Tony Watts, Town Council member; and James Stringer, Revolving Loan Executive Director.

(This page intentionally left blank.)

TOWN COUNCIL  
TOWN OF FRENCH LICK

TOWN COUNCIL  
TOWN OF FRENCH LICK  
FEDERAL FINDING

***FINDING 2016-002***

Subject: Internal Controls over Cash and Investments  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-001.

*Condition*

There were deficiencies in the internal control system of the Town related to cash and investments. The Clerk-Treasurer prepared the monthly bank reconciliations without evidence of an oversight, review, or approval process.

*Context*

The lack of internal controls was a systemic issue throughout the audit period.

*Criteria*

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.

TOWN COUNCIL  
TOWN OF FRENCH LICK  
FEDERAL FINDING  
(Continued)

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. . . ."

*Cause*

Management of the Town had not established a proper system of internal control over cash and investments.

*Effect*

The failure to establish and properly implement controls could have enabled material misstatements or irregularities to remain undetected.

*Recommendation*

We recommended that the Town establish a system of internal controls related to cash and investments.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**Town of French Lick**  
7949 W Hunters Run Drive  
French Lick, Indiana 47432-8315

**BOARD OF TRUSTEES**

Barry Wininger (President)  
John H. Harrison  
Marlene Noble  
Don Renner  
Tony Watts

**CLERK TREASURER**

Melinda Pendley

Incorporated May 2, 1857  
Telephone 812.936.4737  
Fax: 812.936.7006

CORRECTIVE ACTION PLAN

**FINDING 2016-002**


Contact Person Responsible for Corrective Action: Melinda Pendley, Clerk-Treasurer  
Contact Phone Number: (812) 936-4737


Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Due to timing of the 2015 audit completed in 2017, the Clerk-Treasurer was unable to correct the finding for 2016 until 2017. Financial transactions and reporting and bank reconciliations are reviewed and approved by appropriate personnel. Each month the Clerk-Treasurer prepares the monthly financial information to each Board for their review and approval.

Anticipated Completion Date: Effective January 2019

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)

TOWN COUNCIL  
TOWN OF FRENCH LICK  
EXIT CONFERENCE

The contents of this report were discussed on December 20, 2018, with Melinda Pendley, Clerk-Treasurer; Tony Watts, Town Council member; and James Stringer, Revolving Loan Executive Director.

(This page intentionally left blank.)

REVOLVING LOAN DEPARTMENT  
TOWN OF FRENCH LICK

REVOLVING LOAN DEPARTMENT  
TOWN OF FRENCH LICK  
FEDERAL FINDINGS

***FINDING 2016-003***

Subject: Internal Controls over Revolving Loan Funds  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-002.

*Condition*

There were several deficiencies in the internal control system of the Revolving Loan Department related to financial transactions and reporting.

The Town had not separated incompatible activities related to receipts, disbursements, and cash and investment balances of the Revolving Loan funds. The Revolving Loan Director issued receipts, issued checks, completed the bank reconciliations, and posted to the records. There was no indication of an oversight, review, or approval process.

*Context*

The lack of internal controls was a systemic issue throughout the audit period.

*Criteria*

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. . . ."

*Cause*

Management of the Town had not established a proper system of internal control over the Revolving Loan funds.

REVOLVING LOAN DEPARTMENT  
TOWN OF FRENCH LICK  
FEDERAL FINDINGS  
(Continued)

*Effect*

The failure to establish and properly implement controls could have enabled material misstatements or irregularities to remain undetected

*Recommendation*

We recommended that the Town establish a system of internal controls related to financial transactions and reporting of the RLFs.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2016-004**

Subject: Economic Adjustment Assistance - Allowable Costs/Cost Principles  
Federal Agency: Department of Commerce  
Federal Program: Economic Adjustment Assistance  
CFDA Number: 11.307  
Federal Award Number and Year (or Other Identifying Number): 06-019-02187  
Compliance Requirement: Allowable Costs/Cost Principles  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-004.

*Condition*

Officials of the Revolving Loan Board had not established an effective internal control system related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

The Clerk-Treasurer received \$200 per month for assistance with the administrative functions of the Revolving Loan Program. However, these costs were not properly supported as documentation was not maintained for the Clerk-Treasurer's actual time spent on the Revolving Loan Program.

*Context*

The lack of proper documentation for the portion of the Clerk-Treasurer's salary paid from the Revolving Loan Program was a pervasive issue throughout the audit period.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

REVOLVING LOAN DEPARTMENT  
TOWN OF FRENCH LICK  
FEDERAL FINDINGS  
(Continued)

OMB Circular A-87, Attachment B, section 8(h)(4) states:

"Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity."

*Cause*

Management of the Town had not designed or implemented internal control procedures to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of funds to the Town.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the Town establish internal controls to ensure compliance and comply with the Allowable Costs/Cost Principles compliance requirement.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2016-005**

Subject: Economic Adjustment Assistance - Internal Controls  
Federal Agency: Department of Commerce  
Federal Program: Economic Adjustment Assistance  
CFDA Number: 11.307  
Federal Award Number and Year (or Other Identifying Number): 06-019-02187  
Compliance Requirements: Program Income, Reporting, Special Tests and Provisions -  
Increases to RLF Capital Base and Capital Utilization  
Audit Finding: Material Weakness

REVOLVING LOAN DEPARTMENT  
TOWN OF FRENCH LICK  
FEDERAL FINDINGS  
(Continued)

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-005.

*Condition*

An effective internal control system was not in place at the Town in order to ensure compliance with requirements related to the grant agreement and the compliance requirements listed above.

*Program Income*

The Town had not established effective internal controls to ensure compliance with Program Income requirements. The Revolving Loan Director (Director) was solely responsible for computing program income and transferring funds when appropriate.

*Reporting*

The Town had not established an effective internal control system to ensure compliance with Reporting requirements. The Director was solely responsible for completing and submitting the required semiannual reports.

*Special Tests and Provisions - Increases to RLF Capital Base and Capital Utilization*

The Town had not established an effective internal control system to ensure compliance with Special Tests and Provisions - Increases to RLF Capital Base and Capital Utilization requirements. The Director was aware of the need to continually look for new borrowers; however, there were no controls in place to ensure that capital utilization was being properly calculated.

*Context*

The lack of controls was a systemic issue throughout the audit period.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

*Cause*

Management had not developed a system of internal controls to ensure compliance with the compliance requirements listed above.

REVOLVING LOAN DEPARTMENT  
TOWN OF FRENCH LICK  
FEDERAL FINDINGS  
(Continued)

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the Town's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2016-006**

Subject: Economic Adjustment Assistance - Special Tests and Provisions - Loan Requirements  
Federal Agency: Department of Commerce  
Federal Program: Economic Adjustment Assistance  
CFDA Number: 11.307  
Federal Award Number and Year (or Other Identifying Number): 06-019-02187  
Compliance Requirement: Special Test and Provisions - Loan Requirements  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-006.

*Condition*

Officials of the Revolving Loan Board had not established an effective internal control system related to the grant agreement and the Special Tests and Provisions - Loan Requirements compliance requirement.

The Director of the Revolving Loan Fund was responsible for maintaining the loan files and acquiring all necessary documentation required of loan applicants. Two new loans were issued during the audit period, and the loan files for each were incomplete.

*Context*

In both of the new loan files, the loan application was not present. Per the Director, an application was not obtained because the borrower had an application on file from previous loans obtained. For one of the new loans, a signed bank turn-down letter was not obtained.

REVOLVING LOAN DEPARTMENT  
TOWN OF FRENCH LICK  
FEDERAL FINDINGS  
(Continued)

*Criteria*

OMB Circular A-133, Subpart C, Section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or other grant agreements that could have a material effect on each of its Federal programs. . . ."

13 CFR 307.15(b) states in part:

*"Loan and accounting system documents. . . ."*

(2) Prior to the disbursement of any EDA funds, the RLF Recipient shall certify that standard RLF loan documents reasonably necessary or advisable for lending are in place and that these documents have been reviewed by its legal counsel for adequacy and compliance with the terms and conditions of the Grant and applicable State and local law. The standard loan documents must include, at a minimum, the following:

(i) Loan application; . . .

(viii) Signed bank turn-down letter demonstrating that credit is not otherwise available on terms and conditions that permit the completion or successful operation of the activity to be financed. EDA will permit the RLF Recipient to accept alternate documentation only if such documentation is allowed in the Recipient's EDA-approved RLF Plan. . . ."

*Cause*

There was not an adequate internal control system in place that would have ensured compliance with the Special Tests and Provisions - Loan Requirements compliance requirement.

*Effect*

Incomplete loans files resulted in noncompliance with the Special Tests and Provisions - Loan Requirements compliance requirement. Failure to comply with the loan documentation requirements for loan recipients could have resulted in the loss of federal funds to the Town.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the Town's management establish controls to ensure compliance and comply with the grant agreement and the Special Tests and Provisions - Loan Requirements compliance requirement.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**Town of French Lick**  
7949 W Hunters Run Drive  
French Lick, Indiana 47432-8315

**BOARD OF TRUSTEES**

Barry Wininger (President)  
John H. Harrison  
Marlene Noble  
Don Renner  
Tony Watts

**CLERK TREASURER**

Melinda Pendley

Incorporated May 2, 1857

Telephone 812.936.4737

Fax: 812.936.7006

CORRECTIVE ACTION PLAN

**FINDING 2016-003**

Contact Person Responsible for Corrective Action: James Springer, Executive Director

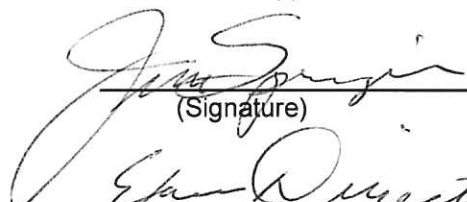
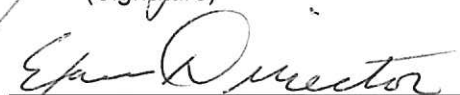
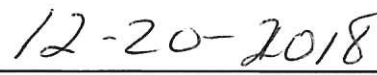
Contact Phone Number: (812) 936-4885

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Effective January 31, 2016, the French Lick Revolving Loan Executive Director implemented timely and consistent monthly bank reconciling for the FLRLF Loan Account. Further action in 2017, was the addition of approval of the bank reconciliations from the FLRLF Board members.

Due to timing of the 2015 audit completed in 2017, the Revolving Loan Executive Director was unable to correct the finding for 2016 until 2017 when the audit was completed.

Anticipated Completion Date: Started bank reconciliations 01-31-16 and Board member approval in 2017.

  
\_\_\_\_\_  
(Signature)  
  
\_\_\_\_\_  
(Title)  
  
\_\_\_\_\_  
(Date)

**Town of French Lick**  
7949 W Hunters Run Drive  
French Lick, Indiana 47432-8315

**BOARD OF TRUSTEES**

Barry Wininger (President)  
John H. Harrison  
Marlene Noble  
Don Renner  
Tony Watts

**CLERK TREASURER**

Melinda Pendley

Incorporated May 2, 1857

Telephone 812.936.4737

Fax: 812.936.7006

**CORRECTIVE ACTION PLAN**

**FINDING 2016-004**

Contact Person Responsible for Corrective Action: James Springer, Executive Director


Contact Phone Number: (812) 936-4885

Views of Responsible Official: We concur with the finding.

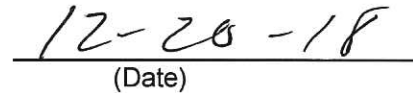
Description of Corrective Action Plan: The Clerk-Treasurer will document time spent on performance of duties pertaining to the French Lick Revolving Loan Fund and is included in monthly report to Director.

Due to timing of the 2015 audit completed in 2017, the Revolving Loan Executive Director was unable to correct the finding for 2016 until 2017 when the audit was completed.

Anticipated Completion Date: Effective January 2017

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)

**Town of French Lick**  
7949 W Hunters Run Drive  
French Lick, Indiana 47432-8315

**BOARD OF TRUSTEES**

Barry Wininger (President)  
John H. Harrison  
Marlene Noble  
Don Renner  
Tony Watts

**CLERK TREASURER**

Melinda Pendley

Incorporated May 2, 1857  
Telephone 812.936.4737  
Fax: 812.936.7006

**CORRECTIVE ACTION PLAN**

**FINDING 2016-005**

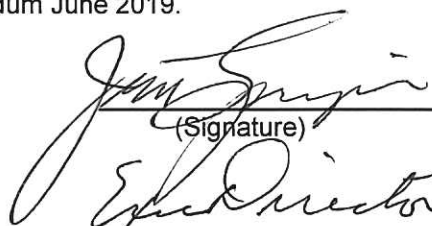
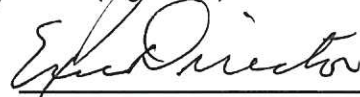
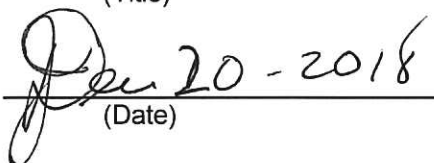
Contact Person Responsible for Corrective Action: James Springer, Executive Director  
Contact Phone Number: (812) 936-4885

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: As to internal controls, effective April 2018, the FL Revolving Loan Account and the Administrative Account have been combined into one account which was approved by the FLRLF Board as well as EDA (Economic Development Administration). Loan payments are received by, and deposits are made by, the Executive Director. The Clerk-Treasurer processes checks at the request of the Executive Director. Bank reconciliations are completed by both the Clerk-Treasurer and the Executive Director. The Executive Director continues to manage the reporting of the principle and interest on the loan accounts. In addition, the Board reviews and approves of the financial reporting, including the semi-annual report.

At times the Revolving Loan Fund has excess money above the allowed percentage available to loan. Being a small community, loan requests are minimal. However, at times we have a need for larger loans that require more money than the maximum amount that we are permitted to keep available for loans. The Executive Director will consult, with Board approval, to an EDA Representative to add an addendum to our current plan addressing this issue.

Anticipated Completion Date: Internal controls April 2018. Addendum June 2019.

  
\_\_\_\_\_  
(Signature)  
  
\_\_\_\_\_  
(Title)  
  
\_\_\_\_\_  
(Date)

**Town of French Lick**  
7949 W Hunters Run Drive  
French Lick, Indiana 47432-8315

**BOARD OF TRUSTEES**

Barry Wininger (President)  
John H. Harrison  
Marlene Noble  
Don Renner  
Tony Watts

**CLERK TREASURER**

Melinda Pendley

Incorporated May 2, 1857

Telephone 812.936.4737

Fax: 812.936.7006

**CORRECTIVE ACTION PLAN**

**FINDING 2016-006**

Contact Person Responsible for Corrective Action: James Springer, Executive Director

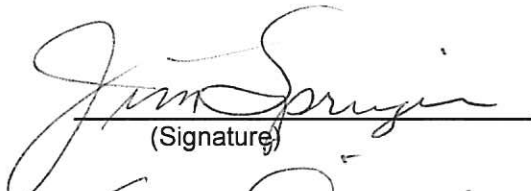

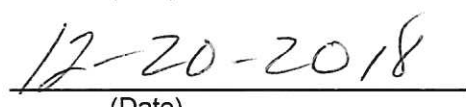
Contact Phone Number: (812) 936-4885

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Loan documents required at the particular time of some closings were not available for various reasons and we failed to follow up on obtaining these documents. The Executive Director advises internal controls are in place to ensure that all loan documentation requirements are obtained in the applicant file.

Due to timing of the 2015 audit completed in 2017, the Revolving Loan Executive Director was unable to correct the finding for 2016 until 2017 when the audit was completed.

Anticipated Completion Date: January 2018

  
\_\_\_\_\_  
(Signature)  
  
\_\_\_\_\_  
(Title)  
  
\_\_\_\_\_  
(Date)

REVOLVING LOAN DEPARTMENT  
TOWN OF FRENCH LICK  
EXIT CONFERENCE

The contents of this report were discussed on December 20, 2018, with Melinda Pendley, Clerk-Treasurer; Tony Watts, Town Council member; and James Stringer, Revolving Loan Executive Director.