

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF LIZTON

HENDRICKS COUNTY, INDIANA

January 1, 2016 to December 31, 2018



**FILED**  
04/11/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tonya Perry	01-01-16 to 12-31-19
President of the Town Council	Lise K. Crouch	01-01-16 to 12-31-16
	Bob Fisher	01-01-17 to 12-31-17
	Bob Uhrick	01-01-18 to 12-31-18
	Lise K. Crouch	01-01-19 to 12-31-19



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF LIZTON, HENDRICKS COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Lizton (Town), for the period from January 1, 2016 to December 31, 2018. 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 opinions 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

March 6, 2019

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CLERK-TREASURER  
TOWN OF LIZTON

CLERK-TREASURER  
TOWN OF LIZTON  
AUDIT RESULTS AND COMMENTS

***CERTIFICATION ON INTERNAL CONTROL STANDARDS***

The Clerk-Treasurer certified on the Annual Financial Report (AFR) that personnel had received the internal control training as required, but no training had been completed. Therefore, the AFR as submitted was 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](#)."

***INTERNAL CONTROLS***

There were deficiencies in the internal control system of the Town related to receipts. The Town had not established an effective internal control system to prevent, or detect and correct, material misstatements related to receipts.

The Clerk-Treasurer recorded and deposited receipts without a documented oversight, review, or an approval process.

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.

CLERK-TREASURER  
TOWN OF LIZTON  
AUDIT RESULTS AND COMMENTS  
(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. . . ."

***UTILITY BILLINGS - SUPPORTING DOCUMENTATION***

The same comment also appeared in prior Report B46559.

In the testing of utility billings, we were unable to verify the accuracy of the additional amount used to compute a portion of the bills for nonresidential customers.

Nonresidential customers' bills were computed using the flat rate charged to residential customers plus an amount based on the number of people affiliated with the customer, for example, a church would be charged the flat rate plus a calculated amount based on the number of members in the church; a nursing home would be charged based on the number of beds, etc. Before the beginning of each calendar year, the Town called each nonresidential customer to obtain the current count to be used for their utility billing. Based upon the counts that were received, the Town generated the customer's bill. However, the Town was unable to provide any supporting documentation of the numbers received from the nonresidential customers in order to verify the accuracy of the counts.

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)

Monday, March 12, 2019

Town of Lizton

Official Response to Audit Findings for Years 2016-2018

Certification on Internal Control Standards-

All Officials recall taking the Internal Control Training on line in 2016. There were no signed documents to prove this was done. All Elected Officials took training again with signed documents before the current Audit was completed.

Internal Controls

The Clerk will now be presenting a Revenue Detail Report to the Council every month for their signatures for their oversight.

Public Records Retention---Utility Billings

Clerk makes phone calls to the non-residential customers for employee and membership numbers on an Annual basis to adjust the sewer bills accordingly. She will now be getting these numbers in writing from the non-residential costumers.

Tonya Perry

Town of Lizton

Clerk-Treasurer

CLERK-TREASURER  
TOWN OF LIZTON  
EXIT CONFERENCE

The contents of this report were discussed on March 6, 2019, with Tonya Perry, Clerk-Treasurer, and Lise K. Crouch, President of the Town Council.

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TOWN COUNCIL  
TOWN OF LIZTON

TOWN COUNCIL  
TOWN OF LIZTON  
AUDIT RESULT AND COMMENT

***TRAINING ON INTERNAL CONTROL STANDARDS***

Town officials reported that they had completed the required internal control training, but no documentation of the training was presented for audit.

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

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

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

TOWN COUNCIL  
TOWN OF LIZTON  
EXIT CONFERENCE

The contents of this report were discussed on March 6, 2019, with Tonya Perry, Clerk-Treasurer, and Lise K. Crouch, President of the Town Council.