

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF SCHERERVILLE

LAKE COUNTY, INDIANA

January 1, 2018 to December 31, 2018



FILED

06/18/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Janice Malinowski	01-01-18 to 12-31-19
President of the Town Council	Robert Guetzloff Tom Schmitt	01-01-18 to 12-31-18 01-01-19 to 12-31-19
Town Manager	Robert Volkmann	01-01-18 to 12-31-19
Town Judge	Kenneth Anderson	01-01-18 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF SCHERERVILLE, LAKE COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Schererville (Town), for the period from January 1, 2018 to December 31, 2018. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments 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/.

The Federal Finding, identified in the above referenced audit report, is included in this report and should be viewed in conjunction with the Audit Result and Comment as described below.

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 Corrective Action Plan for the Federal Finding and Official Response to the Audit Result and Comment, incorporated within this report, were not verified for accuracy.

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

May 9, 2019

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CLERK-TREASURER
TOWN OF SCHERERVILLE

CLERK-TREASURER
TOWN OF SCHERERVILLE
FEDERAL FINDING

FINDING 2018-001

Subject: Highway Planning and Construction Cluster - Matching, Period of Performance
Federal Agency: Department of Transportation
Federal Program: Highway Planning and Construction
CFDA Number: 20.205
Federal Award Numbers and Years (or Other Identifying Numbers): A249-17-L170043, A249-11-320334,
A249-16-L160020
Pass-Through Entity: Indiana Department of Transportation
Compliance Requirements: Matching, Level of Effort, Earmarking; Period of Performance
Audit Finding: Material Weakness

Condition

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

Matching

The Town did not have controls in place to ensure that the correct federal match percentage was contained on the Local Public Agency (LPA) Voucher. A proper system of oversight, review, or approval was not established.

Period of Performance

The Town did not have controls in place to ensure that funds were not obligated or spent prior to or after the grant period. A proper system of oversight, review, or approval was not established.

Context

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

CLERK-TREASURER
TOWN OF SCHERERVILLE
FEDERAL FINDING
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States Anor the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

The Town's management had not developed or implemented a system of internal controls to ensure compliance with the grant agreement and the compliance requirements listed above.

Effect

The failure to establish an effective internal control system placed the Town at risk of noncompliance with the grant agreement and the compliance requirements listed above. 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 program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the Town's management establish controls to ensure compliance with the grant agreement and the 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.



Phone: (219) 322-2211
Fax: (219) 865-5572

10 E. Joliet St. • Schererville, IN 46375
Janice M. Malinowski, Clerk-Treasurer

CORRECTIVE ACTION PLAN

FINDING 2018-001

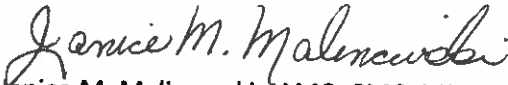
Janice M. Malinowski,
Clerk-Treasurer
Town of Schererville
Phone Number: 219-322-2211, Ext. 1318

We concur with the finding regarding Highway Planning and Construction Cluster – Matching, Period of Performance.

Description of Correction Action Plan:

1. Establish and maintain effective internal controls over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.
2. Outline of Internal Controls is as follows:
 - Management Objectives
 - Five Components of Internal Control and Control Points
 - Environment
 - Risk Assessment
 - Control Activities
 - Information and Communications
 - Monitoring Activities
3. Establish Grant Tracking Form
 - Grant Period – beginning to ending
 - Grant Reimbursements
 - Grant Disbursements
 - Project Close Date
 - Clerk-Treasurer Sign Off
 - Date

Anticipated Completion Date: June 30, 2019


Janice M. Malinowski, IAMC, CMC, MMC, CMO
Clerk-Treasurer/Schererville
May 8, 2019

CLERK-TREASURER
TOWN OF SCHERERVILLE
EXIT CONFERENCE

The contents of this report were discussed on May 9, 2019, with Janice Malinowski, Clerk-Treasurer; Tom Schmitt, President of the Town Council; Robert Volkmann, Town Manager; Kristie Klein, Deputy Clerk-Treasurer; Jim Gorman, Director of Operations; and Barb Bohney, Accounting Technician.

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TOWN COURT
TOWN OF SCHERERVILLE

TOWN COURT
TOWN OF SCHERERVILLE
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS - COURT RECORDS

A similar comment appeared in prior Reports B47150 and B51055.

Accurate monthly bank reconcilements were not completed. The Town Court only reconciled one of the bank accounts to a secondary ledger that is not the official record of the Town Court. A reconciliation of both Town Court bank accounts to the official court software was not completed.

Additional audit procedures were performed and we determined the reconciled bank balance for both accounts was less than the cash and investment balance reported on the official record by \$35,998 at December 31, 2018.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

TOWN COURT
TOWN OF SCHERERVILLE
EXIT CONFERENCE

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