

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF FRANCISCO

GIBSON COUNTY, INDIANA

January 1, 2015 to December 31, 2018



FILED
07/24/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jonnie Watkins	01-01-12 to 12-31-19
President of the Town Council	Terry Vowells Vance K. Lloyd, Sr. Harold Everett	01-01-15 to 09-30-15 10-01-15 to 11-30-18 12-01-18 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF FRANCISCO, GIBSON COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Francisco (Town), for the period from January 1, 2015 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 opinion on the Town's financial statements. 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 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

June 6, 2019

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CLERK-TREASURER
TOWN OF FRANCISCO

CLERK-TREASURER
TOWN OF FRANCISCO
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

There were deficiencies in the internal control system of the Town related to financial close and reporting. The Town had not established an effective internal control system that had separated incompatible activities related to financial close and reporting.

The Clerk-Treasurer prepared and submitted the financial information into the Annual Financial Report through the Indiana Gateway for Government Units financial reporting system, which was the source of the financial statements. There was no evidence of an oversight, review, or approval process that would have ensured that the information was accurate before submission.

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 FRANCISCO
AUDIT RESULTS AND COMMENTS
(Continued)

RECORD OF HOURS WORKED

The Town did not keep adequate records of daily and weekly hours worked. The Town did not maintain record of hours worked for the salaried employees during the audit period. Also, employees that worked in more than one position for the Town did not maintain records to reflect that designation.

Indiana Code 5-11-9-4(b) states in part:

"The state board of accounts shall require that records be maintained showing which hours are worked each day by officers and employees: . . .

2. employed by more than one (1) public agency or in more than one (1) position by the same public agency . . ."

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employee's Service Record
General Form 99B, Employee's Earnings Record
General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER
TOWN OF FRANCISCO
EXIT CONFERENCE

The contents of this report were discussed on June 6, 2019, with Jonnie Watkins, Clerk-Treasurer, and Harold Everett, President of the Town Council.

TOWN COUNCIL
TOWN OF FRANCISCO

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AUDIT RESULT AND COMMENT

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