

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF ELNORA

DAVISS COUNTY, INDIANA

January 1, 2015 to December 31, 2018



**FILED**  
08/27/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Heather L. Davis	04-05-13 to 12-31-19
President of the Town Council	Cory Parsons Jesse Emmons	01-01-15 to 12-31-15 01-01-16 to 12-31-19
Superintendent of the Water Utility	Wayne Ellis	01-01-15 to 12-31-19
Superintendent of the Wastewater Utility	Wayne Ellis	01-01-15 to 12-31-19



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF ELNORA, DAVIESS COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Elnora (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/](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 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 Official Response to the Audit Result and Comment, incorporated within this report, was not verified for accuracy.

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

July 11, 2019

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CLERK-TREASURER  
TOWN OF ELNORA

CLERK-TREASURER  
TOWN OF ELNORA  
AUDIT RESULT AND COMMENT

***INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

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

*Receipts*

The Clerk-Treasurer was solely responsible for all aspects of receipting and utility collections with no controls in place, such as an oversight, review, or approval process.

*Financial Close and Reporting*

The Clerk-Treasurer entered and submitted financial information for the Town into the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Report and financial statements. There was no evidence of a control, such as an oversight, review, or approval process, to ensure the accuracy of the information entered and submitted.

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 ELNORA  
EXIT CONFERENCE

The contents of this report were discussed on July 11, 2019, with Heather L. Davis, Clerk-Treasurer; Jesse Emmons, President of the Town Council; Jed Jerrels, Town Council member; and Deanna Callison, Town Council member.