

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF WESTPORT

DECATUR COUNTY, INDIANA

January 1, 2015 to December 31, 2018



FILED
08/30/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sylvia England Ronda Bartlett Gloria Alumbaugh	01-01-12 to 12-31-15 01-01-16 to 03-31-19 04-01-19 to 12-31-19
President of the Town Council	Bryan Gatewood	01-01-15 to 12-31-19
Superintendent of Utilities	Mark Taylor	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 WESTPORT, DECATUR COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Westport (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

July 16, 2019

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CLERK-TREASURER
TOWN OF WESTPORT

CLERK-TREASURER
TOWN OF WESTPORT
AUDIT RESULTS AND COMMENTS

HYDRANT RENTAL RECEIVABLE (PAYABLE)

This same comment appeared in prior Report B46438.

The Town of Westport owes the Water Utility hydrant rental of \$436,718. The amount has accumulated over the years because the Town made partial or no payments starting with year 2007 through 2018. Rate Ordinances 2002-3 and 2007-3 passed by the Town Council on May 13, 2002, and December 10, 2007, respectively, required an annual rate to be paid for each public hydrant.

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

INTERNAL CONTROLS

A similar comment also appeared in prior report B46438, entitled *FINDING 2014-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING*.

No evidence was presented to indicate that the Town of Westport had separated incompatible activities related to receipts. The Clerk-Treasurer and Deputy Clerk-Treasurer were responsible for all aspects of the receipts process without any documented compensating controls.

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 WESTPORT
EXIT CONFERENCE

The contents of this report were discussed on July 16, 2019, with Gloria Alumbaugh, Clerk-Treasurer; Ronda Bartlett, former Clerk-Treasurer; Jenny Hardebeck, Deputy Clerk-Treasurer; and Bryan Gatewood, President of the Town Council.