

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF GREENTOWN

HOWARD COUNTY, INDIANA

January 1, 2018 to December 31, 2018



FILED
09/19/2019

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|-----------------|----------------------|
| Clerk-Treasurer | Teresa Duke | 01-01-18 to 12-31-21 |
| President of the Town Council | Scott Deyoe | 01-01-18 to 12-31-19 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF THE TOWN OF GREENTOWN, HOWARD COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Greentown (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 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.

Any Corrective Action Plan for the Federal Finding, incorporated within this report, was not verified for accuracy.

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

August 8, 2019

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CLERK-TREASURER
TOWN OF GREENTOWN

CLERK-TREASURER
TOWN OF GREENTOWN
FEDERAL FINDING

FINDING 2018-001

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Condition

The Town did not have a proper system of internal control in place to prevent, or detect and correct, errors in their Annual Financial Report (AFR).

The Clerk-Treasurer input the financial information for the AFR into the Indiana Gateway for Government Units financial system, which was the source of the financial statement. Although the Town had established internal controls over the financial information entered for the AFR, the controls failed to detect material errors contained in the AFR.

Context

The AFR presented for audit contained the following errors:

1. Receipts and disbursements for the SRFDW Greentown 17 fund were understated by \$812,193.
2. Receipts and disbursements for the SRFWW Greentown fund were understated by \$8,489.
3. Receipts and disbursement for the SRFDW Greentown Ban fund were understated by \$477,306.

Audit adjustments were proposed, approved by the Town, and made to the AFR.

Criteria

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:

CLERK-TREASURER
TOWN OF GREENTOWN
FEDERAL FINDING
(Continued)

"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. . . ."

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](#)."

Cause

Management had not established a proper system of internal control that would have ensured proper reporting of the AFR.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the AFR remained undetected. The AFR contained the errors identified in the *Context*.

Recommendation

We recommended that the Town's management establish a system of internal controls related to proper reporting of the AFR.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.



Town of Greentown

112 North Meridian St, P.O. Box 247, Greentown, IN 46936

Phone (765) 628-3263 Fax (765) 628-4002

CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: Teresa Duke
Contact Phone Number: 765-628-3263

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The town will continue to enhance our internal controls and improve our oversight functions.

The following SRF accounts with Bank of Mellon have been added to the 2018 AFR:

1. SRFDW Greentown 17
2. SRFWW Greentown
3. SRFDW Greentown Ban

Anticipated Completion Date: Immediately

Teresa Duke
(Signature)

Clerk-Treasurer
(Title)

08.01.19
(Date)

CLERK-TREASURER
TOWN OF GREENTOWN
EXIT CONFERENCE

The contents of this report were discussed on August 8, 2019, with Teresa Duke, Clerk-Treasurer, and Scott Deyoe, President of the Town Council.