

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF WINFIELD

LAKE COUNTY, INDIANA

January 1, 2017 to December 31, 2018



FILED
10/21/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Richard C. Anderson, Jr.	01-01-16 to 12-31-19
President of the Town Council	Gerald Stiener	01-01-17 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of the Town of Winfield (Town), for the period from January 1, 2017 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 Statement Audit Report of the Town, which provides our opinion on the Town's financial statement. 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 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

October 1, 2019

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CLERK-TREASURER
TOWN OF WINFIELD

CLERK-TREASURER
TOWN OF WINFIELD
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

Condition and Context

There were deficiencies in the internal control system of the Town related to financial transactions. The Town had not separated incompatible activities related to receipts.

The Clerk-Treasurer and the Deputy Clerk-Treasurer reconciled the daily cash drawers, the Deputy Clerk-Treasurer prepared the bank deposit, and the Clerk-Treasurer took the deposit to the bank. However, the Clerk-Treasurer and Deputy Clerk-Treasurer were also the only personnel to have receipt edit capabilities. This resulted in the lack of segregation of duties over receipts.

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:

"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. . . ."



TOWN OF WINFIELD

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TOWN COUNCIL: David Anderson | Tim Clayton | Joseph Mays | James Simmons | Gerald T. Stiener

CLERK-TREASURER: Richard C. Anderson Jr. | TOWN ADMINISTRATOR: Nick Bellar

OFFICAL RESPONSE

October 1, 2019

State Board of Accounts
302 West Washington St., Room E418
Indianapolis, IN 46204-2765

Re: Town of Winfield Examination for FY 2017 through 2018

The Town of Winfield wishes to file an official response to be bound in the audit by the State Board of Accounts as discussed in the exit conference of October 1, 2019.

Internal Controls over Receipting

Measures have been implemented so that office staff that have editing rights on receipts will no longer complete the process of daily cash drawer cut off and balancing, this step is now being handled by the Administrative Assistant. For additional segregation of duties, the Clerk-Treasurer and Deputy Clerk-Treasurer will not routinely take over the counter customer payments.

Sincerely,

Richard C. Anderson Jr.
Clerk-Treasurer

CLERK-TREASURER
TOWN OF WINFIELD
EXIT CONFERENCE

The contents of this report were discussed on October 1, 2019, with Richard C. Anderson, Jr., Clerk-Treasurer; Gerald Stiener, President of the Town Council; and Lori Lesniewski, Deputy Clerk-Treasurer.