

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF ANDREWS

HUNTINGTON COUNTY, INDIANA

January 1, 2015 to December 31, 2018



FILED
11/15/2019

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Audit Result and Comment:	
Internal Controls	6
Official Response.....	7
Exit Conference	8

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	William K. Johnson Laura Dillon	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President of the Town Council	Michael Rohler Raymond Tackett John Harshbarger William K. Johnson	01-01-15 to 08-30-15 08-31-15 to 12-31-15 01-01-16 to 12-31-16 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 ANDREWS, HUNTINGTON COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Andrews (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 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 9, 2019

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CLERK-TREASURER
TOWN OF ANDREWS

CLERK-TREASURER
TOWN OF ANDREWS
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

The Town had established internal controls over financial information; however, they were not documenting their internal control. The Clerk-Treasurer had not documented the review of the monthly bank reconciliements or the Annual Financial Report (AFR) submitted to the Indiana Gateway for Government Units website.

The Town is required to report all financial information in the AFR. This information is used to compile the financial statement. The Town's financial records and, subsequently, the Town's financial statement contained the following deficiencies:

The Town did not include the wastewater plant construction activity during 2017 and 2018 funded by the State Revolving Fund (SRF) program. The SRF Construction fund (loan and grant) was not recorded in the financial records or AFRs, which resulted in reported receipts and disbursements being understated by \$4,703,867.

Audit adjustments were proposed, accepted by the Town, and made to the financial statements.

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. . . ."

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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](#)."

THE TOWN OF ANDREWS

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October 10, 2019

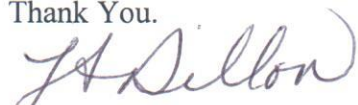
State Board of Accounts
302 West Washington St., Room E 418
Indianapolis, Indiana 46204-2765

OFFICIAL RESPONSE

The Town of Andrews was audited by the State. A finding made on the results and comments is the Town did not include the wastewater plant construction activity during 2017 and 2018 by the State Revolving Fund (SRF) program and the SRF Construction fund (loan and grant) was not recorded in the financial records or Annual Financial Report, which resulted in reported receipts and disbursements being understated by \$4,703,867.

My response as Clerk-Treasurer for the Town of Andrews to the funds being understated in the financial records is, these funds were held by the Indiana Finance Authority in Indianapolis. Both I and the Indiana Finance Authority accounted for each receipt and disbursement of the \$4,703,867. Audit adjustments were proposed and accepted by the Town and made to the town financial records and the Annual Financial Report for 2017 and 2018. This process was a learning experience for me on how to account for the funds that we did not physically receive and I did not realize they were to be recorded on my records.

Thank You.



Laura A Dillon, Clerk-Treasurer
Town of Andrews
260-786-3848 Ext 202

CLERK-TREASURER
TOWN OF ANDREWS
EXIT CONFERENCE

The contents of this report were discussed on October 9, 2019, with Laura Dillon, Clerk-Treasurer; Laury Powell, Deputy Clerk-Treasurer; and William K. Johnson, President of the Town Council.