

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF BROWNSTOWN

JACKSON COUNTY, INDIANA

January 1, 2015 to December 31, 2017



FILED
11/26/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	William David Willey	01-01-12 to 12-31-19
President of the Town Council	John Nolting Sally Lawson Gregory Goshorn	01-01-15 to 12-31-16 01-01-17 to 09-30-19 10-01-19 to 12-31-19
Superintendent of Wastewater Utility	Scott Hunsucker	01-01-15 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE TOWN OF BROWNSTOWN, JACKSON COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Brownstown (Town), for the period from January 1, 2015 to December 31, 2017. 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

October 15, 2019

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CLERK-TREASURER
TOWN OF BROWNSTOWN

CLERK-TREASURER
TOWN OF BROWNSTOWN
AUDIT RESULTS AND COMMENTS

COLLECTION OF FEES FOR MOVING TRAFFIC VIOLATIONS

Condition and Context

The Town established an Ordinance Violations Bureau in 1959, pursuant to Indiana Code 33-36-2-1, to collect various fines. The Town used the Ordinance Violations Bureau to collect fines for moving traffic violations.

Fines collected for moving traffic violations by year were as follows:

<u>Years</u>	<u>Amount</u>
2015	\$ 790
2016	745
2017	<u>560</u>
Total	<u>\$ 2,095</u>

Criteria

Indiana Code 36-1-6-3(c) states: "An ordinance defining a moving traffic violation may not be enforced under IC 33-36 and must be enforced in accordance with [IC 34-28-5](#)."

The accounts of each public official and public office should reflect the proper treatment of fines collected for moving traffic violations as required by Indiana Code § 36-1-6-3(c), Indiana Code Ch. 34-28-5, and State Examiner Directive 2015-1.

INTERNAL CONTROLS

Condition and Context

There were deficiencies in the internal control system of the Town related to financial transactions and reporting. The Town had not established a proper system of internal controls as they had not separated incompatible activities related to cash and investments and receipts. There were no controls in place, such as an oversight, review, or approval process.

CLERK TREASURER
TOWN OF BROWNSTOWN
AUDIT RESULTS AND COMMENTS
(Continued)

Town Receipts (including Wastewater Utility): Segregation of duties over Town receipts and the daily collections process was not evident. Daily receipt collections were inputted by both the Clerk-Treasurer and/or the Assistant Clerk-Treasurer. There was not any evidence of oversight, review, or approval of the transactions.

Town Cash and Investments: The Assistant Clerk-Treasurer performed the bank reconciliation and the Clerk-Treasurer reviewed it; however, there was not any documented evidence of oversight, review, or approval.

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. . . ."

CLERK-TREASURER
TOWN OF BROWNSTOWN
EXIT CONFERENCE

The contents of this report were discussed on October 15, 2019, with William David Willey, Clerk-Treasurer, and Gregory Goshorn, President of the Town Council.