

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF VERSAILLES

RIPLEY COUNTY, INDIANA

January 1, 2015 to December 31, 2018



FILED
12/05/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kiersten B. Libby	01-01-12 to 12-31-19
President of the Town Council	Steve Mathes	01-01-15 to 12-31-16
	Roxanne Meyer	01-01-17 to 12-31-17
	Matt McNew	01-01-18 to 12-31-18
	Steve Mathes	01-01-19 to 12-31-19
Superintendent of Utilities	Kevin Hensley	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 VERSAILLES, RIPLEY COUNTY, INDIANA

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

October 30, 2019

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CLERK-TREASURER
TOWN OF VERSAILLES

CLERK-TREASURER
TOWN OF VERSAILLES
AUDIT RESULTS AND COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES

Condition and Context

A payment of \$1,358 was made to the Internal Revenue Service on February 7, 2017, which included penalties and interest due to the untimely remittance of payroll taxes. Due to the lack of supporting documentation, the exact amount of penalties and interest could not be determined. Late fees in the amount of \$129.04 were paid to credit card companies due to untimely payment.

Criteria

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

The Town had not separated incompatible activities related to cash and investments, receipts, disbursements, and reporting of financial transactions.

Cash and Investments

The Clerk-Treasurer was responsible for performing the monthly bank reconciliations without a proper system of oversight, review, or approval.

Receipts

One employee wrote receipts, entered receipts into the accounting system, prepared bank deposits, and had access to the accounting system to make adjustments, without a proper system of oversight, review, or approval.

Disbursements

The Clerk-Treasurer prepared accounts payable vouchers, wrote checks, signed checks, entered disbursement information into the accounting system, and had access to the system to make adjustments, without a proper system of oversight, review, or approval.

CLERK-TREASURER
TOWN OF VERSAILLES
AUDIT RESULTS AND COMMENTS
(Continued)

Reporting of Financial Transactions

The Clerk-Treasurer uploaded financial information from the Town's accounting software to the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Report (AFR) and the financial statement. There was no oversight, review, or approval process to ensure the accuracy of the information prior to submission.

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

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. . . ."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The Clerk-Treasurer certified that Town personnel had received training regarding internal control standards as part of the AFRs that were filed for 2016, 2017, and 2018. However, no documentation was presented to indicate that training had occurred.

Context

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](#)."

CLERK-TREASURER
TOWN OF VERSAILLES
EXIT CONFERENCE

The contents of this report were discussed on October 30, 2019, with Kiersten B. Libby, Clerk-Treasurer, and Roxanne Meyer, Town Council member.

TOWN COUNCIL
TOWN OF VERSAILLES

TOWN COUNCIL
TOWN OF VERSAILLES
AUDIT RESULT AND COMMENT

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

The Town did not provide documentation to indicate that personnel received training on internal control standards and procedures.

Criteria

Indiana 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

TOWN COUNCIL
TOWN OF VERSAILLES
EXIT CONFERENCE

The contents of this report were discussed on October 30, 2019, with Roxanne Meyer, Town Council member, and Kiersten B. Libby, Clerk-Treasurer.