

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF WINDFALL

TIPTON COUNTY, INDIANA

January 1, 2018 to December 31, 2018



FILED
12/12/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Amber Cooper	03-01-17 to 04-05-19
	(Vacant)	04-05-19 to 06-20-19
	Theresa B. Simmons	06-20-19 to 12-31-19
President of the Town Council	Kevin Richards	01-01-18 to 12-31-18
	Andrea Garrity	01-01-19 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF WINDFALL, TIPTON COUNTY, INDIANA

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

November 26, 2019

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CLERK-TREASURER
TOWN OF WINDFALL

CLERK-TREASURER
TOWN OF WINDFALL
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

The same comment also appeared in prior Report B51936.

Condition and Context

The Clerk-Treasurer entered the Town's financial information into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Town's financial statement; however, the process was completed without a documented oversight, review, or approval process. The Town had HR Umbaugh review the financial information at year end, but no documentation of the review process was presented for audit.

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. . . ."

OVERDRAWN CASH BALANCES

The same comment also appeared in prior Report B51936.

Condition and Context

The financial statement presented for audit included the following funds with overdrawn cash balances at December 31, 2018:

Fund	Amount Overdrawn
PAYROLL	\$ (86,381)
TRASH & GARBAGE PICKUP--do not use	(37,225)
WATER CASH OPERATING	(163,213)

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

Criteria

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CERTIFICATION ON INTERNAL CONTROL STANDARDS

A similar comment also appeared in prior Report B51936, entitled *ADOPTION OF INTERNAL CONTROL STANDARDS*.

Condition and Context

The Clerk-Treasurer incorrectly certified on Gateway that the Town had provided personnel with training over the minimum internal control standards when they had not received training.

Criteria

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](#)."

CORRECTION OF ERRORS

Condition and Context

During the prior audit completed in December 2018, a posting error was identified and brought to the attention of the Town. An \$80,000 transfer was made into the Sinking Fund, with \$40,000 to be transferred out of the General Fund and Sewage Utility Operating fund to complete the transfer. The records of the Town showed the \$40,000 disbursement coming out of the Sewage Utility Operating fund, but not the General Fund. As of July 2019, the correction to record the transfer had not yet been made.

Criteria

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER
TOWN OF WINDFALL
EXIT CONFERENCE

The contents of this report were discussed on November 26, 2019 with Denise Ryan, Town Council member, and Theresa B. Simmons, Clerk-Treasurer.

TOWN COUNCIL
TOWN OF WINDFALL

TOWN COUNCIL
TOWN OF WINDFALL
AUDIT RESULT AND COMMENT

TRAINING ON INTERNAL CONTROL STANDARDS

A similar comment also appeared in prior Report B51936, entitled *ADOPTION OF INTERNAL CONTROL STANDARDS*.

Condition and Context

Town employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Town, had not received training over the minimum internal control standards as defined by the Indiana State Board of Accounts.

Criteria

Indiana Code 5-11-1-27(g) states in part:

"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 WINDFALL
EXIT CONFERENCE

The contents of this report were discussed on November 26, 2019, with Denise Ryan, Town Council member, and Theresa B. Simmons, Clerk-Treasurer.