

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF PORTER

PORTER COUNTY, INDIANA

January 1, 2016 to December 31, 2018



**FILED**  
12/16/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Carol Pomeroy	01-01-16 to 12-31-19
President of the Town Council	Greg Stinson	01-01-16 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](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE TOWN OF PORTER, PORTER COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Porter (Town), for the period from January 1, 2016 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/](http://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 29, 2019

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CLERK-TREASURER  
TOWN OF PORTER

CLERK-TREASURER  
TOWN OF PORTER  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS**

*Condition and Context*

There were deficiencies in the internal control system of the Town related to several areas of its financial transactions and reporting processes. The Town did not have adequate segregation of duties as it had not implemented a proper oversight, review, or approval process over receipts, payroll disbursements, and financial reporting. The failure to establish these controls could enable material misstatements to occur and remain undetected.

*Receipts*

All of the receipting and depositing duties for the Wastewater Utility were performed by the same individual without oversight or review.

*Payroll Disbursements*

A control was in place to ensure that the correct pay rates were entered into the payroll system; however, this control was not documented. Pay rates were entered in the computer by the Deputy Clerk-Treasurer and reviewed by the Clerk-Treasurer; however, there is no documentation of the review.

There is no documentation of a review to ensure that employees were paid the correct amount from the correct fund before or after posting.

*Financial Reporting*

The Town had not established controls to ensure the accuracy of the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the financial statements. The financial information was submitted in Gateway without evidence of a review by a second knowledgeable individual prior to submission. The lack of control over financial reporting could have enabled a material misstatement to go 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. . . ."

CLERK-TREASURER  
TOWN OF PORTER  
EXIT CONFERENCE

The contents of this report were discussed on October 29, 2019, with Carol Pomeroy, Clerk-Treasurer; Greg Stinson, President of the Town Council; and William Lopez, Town Council member.