

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF BURNS HARBOR

PORTER COUNTY, INDIANA

January 1, 2016 to December 31, 2018



FILED
12/18/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jane Jordan	01-01-16 to 12-31-19
President of the Town Council	Raymond Poparad Nick Loving	01-01-16 to 12-31-18 01-01-19 to 12-31-19
President of the Sanitary Board	Toni Biancardi	01-01-16 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of the Town of Burns Harbor (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.

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 31, 2019

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CLERK-TREASURER
TOWN OF BURNS HARBOR

CLERK-TREASURER
TOWN OF BURNS HARBOR
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

Condition and Context

There were deficiencies in the internal control system of the Town and its Wastewater Utility related to financial transactions. The Town and its Wastewater Utility had not implemented adequate segregation of duties as it has not separated incompatible activities related to receipts and payroll disbursements.

Receipts

The Town and Wastewater Utility did not have controls in place to ensure the accuracy of the receipts recorded in the Town's financial records. The Clerk-Treasurer collected funds, issued receipts, created the deposit slip, and recorded the receipts without proper oversight or review.

Payroll Disbursements

The Town and Wastewater Utility did not have controls in place to ensure the accuracy of the payroll disbursements recorded in the Town's financial records. There was no system of oversight or review after payroll was entered into the payroll system by the Clerk-Treasurer.

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. . . ."

Town of Burns Harbor



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JANE M. JORDAN, IAMC, MMC, CPFA
CLERK-TREASURER


November 6, 2019

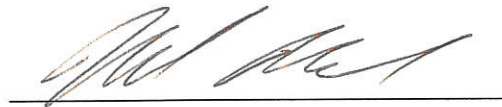
State Board of Accounts
302 West Washington Street
Room E418
Indianapolis, IN 46204-2765


RE: OFFICIAL RESPONSE

In connection with your audit of the financial statements of the Town of Burns Harbor as of December 31, 2018, and for the three year period then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all materials respects, the cash and investment balances of the Town of Burns Harbor and the results of the receipts collected and disbursements paid on the cash basis of accounting, the following audit results and comments are being handled in the following manner:

1. Segregation of Duties – We concur. During the audit period, the Clerk-Treasurer was the only employee of the Clerk's office. In 2019, a Deputy Clerk position was created, written guidelines, procedures, and preferred practices were implemented to ensure the Town is compliant with Indiana Code 5-11-1-27(e).
2. Town Police Department Timely Deposits – We concur. The Town has discussed the matter with staff, will train them on preferred practices, and will monitor deposits to ensure compliance with Indiana Code 5-13-6-1(c).


Jane M. Jordan, IAMC, MMC, CPFA, CPFIM
Clerk-Treasurer for the
Town of Burns Harbor


Michael Heckman
Town Marshal for the
Town of Burns Harbor


Nicholas Loving
Town Council President for the
Town of Burns Harbor

CLERK-TREASURER
TOWN OF BURNS HARBOR
EXIT CONFERENCE

The contents of this report were discussed on October 31, 2019, with Jane Jordan, Clerk-Treasurer; Nick Loving, President of the Town Council; and Toni Biancardi, President of the Sanitary Board.

POLICE DEPARTMENT
TOWN OF BURNS HARBOR

POLICE DEPARTMENT
TOWN OF BURNS HARBOR
AUDIT RESULT AND COMMENT

DEPOSITS

Condition and Context

The Police Department collected money for accident reports, gun permits, vehicle identification number checks, case reports, and vehicle impound releases. Collections for the audit period were not remitted timely to the Clerk-Treasurer and were remitted up to 67 days after the date of the receipt.

Criteria

Indiana Code 5-13-6-1(d) states:

"Except as provided in subsection (g), a city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories:

- (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and
- (2) approved as depositories of state funds."

Indiana Code 5-13-6-1(g) states in part:

"The following are not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars (\$500): . . .

- (2) A local officer of a political subdivision required to deposit funds under subsection (c) other than a township trustee.
- (3) A city or a town required to deposit funds under subsection (d)."

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Town Council President for the
Town of Burns Harbor

POLICE DEPARTMENT
TOWN OF BURNS HARBOR
EXIT CONFERENCE

The contents of this report were discussed on October 31, 2019, with Mike Heckman, Town Marshall, and Jane Jordan, Clerk-Treasurer.