

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF NEW PALESTINE

HANCOCK COUNTY, INDIANA

January 1, 2016 to December 31, 2018



FILED
12/26/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Becky Hilligoss	01-01-16 to 12-31-19
President of the Town Council	Larry Jonas	01-01-16 to 12-31-16
	Jan Jarson	01-01-17 to 12-31-17
	Clint Bledsoe	01-01-18 to 12-31-18
	Brandee Bastin	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 NEW PALESTINE, HANCOCK COUNTY, INDIANA

This report is supplemental to our audit report of the Town of New Palestine (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

November 21, 2019

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CLERK-TREASURER
TOWN OF NEW PALESTINE

CLERK-TREASURER
TOWN OF NEW PALESTINE
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

Condition and Context

The Clerk-Treasurer entered the Town's financial information into the Indiana Gateway for Government Units financial reporting system, which was the source of the Town's financial statements; however, the process was completed without an oversight, review or approval process, or other compensating control in place to ensure that information was submitted accurately.

The principal and interest due in one year for the Wastewater Utility Revenue Bonds on the Schedule of Leases and Debt was reported incorrectly. The total was understated by \$36,200 due to the lack of oversight or review. An audit adjustment was proposed, accepted by management, and made to the schedule.

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 New Palestine

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OFFICIAL RESPONSE

State Board of Accounts
302 W. Washington St., Rm E 418
Indianapolis IN 46204-2765

As the Clerk-Treasurer for the 2016, 2017, and 2018 Audit performed Oct. 21 through Nov. 21 2019 I duly acknowledge the results and I am sharing all information with the incoming clerk-treasurer.

We have corrected one item and are in the process of correcting 2 other items. We will be reassessing our internal controls as the means for keeping in compliance with all of the town business.

Regards,

Becky Hilligoss
Clerk-Treasurer
Town of New Palestine

CLERK-TREASURER
TOWN OF NEW PALESTINE
EXIT CONFERENCE

The contents of this report were discussed on November 21, 2019, with Becky Hilligoss, Clerk-Treasurer; Tonii Pyle, Office Assistant; and Clint Bledsoe, Town Council member.

TOWN COUNCIL
TOWN OF NEW PALESTINE

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AUDIT RESULT AND COMMENT

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