

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF MEDORA

JACKSON 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	Betty M. Campbell	01-01-16 to 12-31-19
President of the Town Council	Robert K. Thompson	01-01-16 to 12-31-19
Superintendent of Utilities	Steven L. Ingle	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 MEDORA, JACKSON COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Medora (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 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/](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 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 MEDORA

CLERK-TREASURER  
TOWN OF MEDORA  
AUDIT RESULTS AND COMMENTS

***INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

*Condition and Context*

There were deficiencies in the internal control system of the Town related to cash and investments, receipts, and financial close and reporting.

The Clerk-Treasurer performed monthly bank reconciliations, but there were no documented controls in place to prevent, or detect and correct, errors in cash and investments, such as an oversight, review, or approval process.

The Clerk-Treasurer issued all receipts, but there were no documented controls in place such as an oversight, review, or approval process over the receipting, depositing, and posting of receipts.

The Town hired a financial consultant to enter the Town's Annual Financial Report (AFR) into Indiana Gateway for Government Units (Gateway) financial reporting system. There were no documented controls presented of an oversight or review of the consultants work to ensure the accuracy of the financial information entered in to Gateway.

The lack of internal controls was a systemic issue throughout the audit period.

*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 MEDORA  
AUDIT RESULTS AND COMMENTS  
(Continued)

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

For 2016, 2017, and 2018, the Town incorrectly certified on its AFR that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e) and that all personnel defined by Indiana Code 5-11-1-27(c) had received training over the internal control standards adopted by the Town. However, the minimum internal control standards had not been adopted and training had not been provided.

*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](#)."

**LATE SUBMISSION OF CERTIFIED REPORT**

*Condition and Context*

The Town's Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R) for 2016 was not filed electronically until February 23, 2017, which was 23 days past the due date.

*Criteria*

Indiana Code 5-11-13-1(a) states in part:

"Every . . . town . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. . . . The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

CLERK-TREASURER  
TOWN OF MEDORA  
EXIT CONFERENCE

The contents of this report were discussed on November 21, 2019, with Betty M. Campbell, Clerk-Treasurer; Robert K. Thompson, President of the Town Council; Sharon Bowers, Town Council member; James L. Davers, Town Council member; and Jeffrey Lorenzo, with Lorenzo Bevers Braman & Connell, Attorneys at Law.

TOWN COUNCIL  
TOWN OF MEDORA

TOWN COUNCIL  
TOWN OF MEDORA  
AUDIT RESULT AND COMMENT

***ADOPTION AND TRAINING OF INTERNAL CONTROL STANDARDS***

*Condition and Context*

The Town failed to adopt the minimum internal control standards and procedures as required by Indiana Code 5-11-1-27(g). Therefore, the Town did not train employees on the internal control standards also required by Indiana Code 5-11-1-27(g).

*Criteria*

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

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

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

TOWN COUNCIL  
TOWN OF MEDORA  
EXIT CONFERENCE

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