

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF BROOKVILLE

FRANKLIN COUNTY, INDIANA

January 1, 2016 to December 31, 2018



FILED
12/27/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Linda Dunn Gina Gillman	01-01-13 to 12-31-16 01-01-17 to 12-31-20
President of the Town Council	Michael A. Biltz	01-01-16 to 12-31-19
Superintendent of Utilities	Kurt Reidman (Vacant)	01-01-16 to 05-24-19 05-25-19 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF BROOKVILLE, FRANKLIN COUNTY, INDIANA

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

December 5, 2019

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CLERK-TREASURER
TOWN OF BROOKVILLE

CLERK-TREASURER
TOWN OF BROOKVILLE
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

The Town had not separated incompatible activities related to receipts, payroll disbursements, and financial close and reporting.

Receipts

Town Receipts

The Clerk-Treasurer issued all Town receipts, posted receipts, and made the bank deposits. There were no documented controls in place, such as an oversight, review, or approval process, over the receipting, posting, and depositing of the Town receipts.

Utility Receipts

The Utility Clerks collected utility customer payments, posted payments, made adjustments to the customer accounts, prepared the bank deposits, and took the deposits to the bank. There were no documented controls in place, such as an oversight, review, or approval process, over the posting of the customer payments, adjustments to the customer accounts, or the depositing of the utility collections.

Payroll Disbursements

The Clerk-Treasurer entered payroll disbursement information into the accounting system. There were no documented controls in place, such as an oversight, review, or approval process, to ensure the accuracy of the information entered.

Financial Close and Reporting

The Clerk-Treasurer uploaded financial information from the Town's accounting software to the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Report and the financial statement. There were no documented controls in place, such as an oversight, review, or approval process, to ensure the accuracy of the information prior to submission.

CLERK-TREASURER
TOWN OF BROOKVILLE
AUDIT RESULT AND COMMENT
(Continued)

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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

CLERK-TREASURER
TOWN OF BROOKVILLE
EXIT CONFERENCE

The contents of this report were discussed on December 5, 2019, with Gina Gillman, Clerk-Treasurer; Linda Dunn, former Clerk-Treasurer; and Michael A. Biltz, President of the Town Council.