

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF ALBION

NOBLE COUNTY, INDIANA

January 1, 2016 to December 31, 2018



FILED
12/27/2019

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Audit Result and Comment:	
Internal Controls over Financial Transactions and Reporting.....	6
Official Response.....	7
Exit Conference	8

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Carol A. Selby	01-01-16 to 12-31-19
President of the Town Council	John D. Morr Max C. Weber Vicki E. Jellison	01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-19
Water Superintendent	Terry L. Forker	01-01-16 to 12-31-19
Wastewater Superintendent	Terry L. Forker	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 ALBION, NOBLE COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Albion (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 17, 2019

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CLERK-TREASURER
TOWN OF ALBION

CLERK-TREASURER
TOWN OF ALBION
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

There was a deficiency in the internal control system of the Town related to financial transactions and reporting. The Town had not separated incompatible activities related to receipts. There was no tangible evidence of an internal control system over receipts to show that there was an oversight, approval, or review process in place to ensure the accuracy of the receipts.

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 TOWN OF ALBION

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December 19, 2019

State Board of Accounts
302 West Washington Street, Room E 418
Indianapolis, Indiana 46204-2765

Re: OFFICAL RESPONSE – Town of Albion Audit (Years: 2016, 2017, 2018)

This letter is in response to the comments listed in the audit results for the Town of Albion.

The Town acknowledges the State Board of Account's request to improve documentation of its Internal Control procedures related to receipts. As such, measures have been implemented including having employees initial, or sign receipts, reports, etc. for tasks for which they are responsible.

This should serve as visual evidence that appropriate control activities are being conducted, i.e. segregation of duties, and/or compensating controls are being implemented to mitigate risks associated with financial transactions and reporting.

I believe the steps outlined above serve to address and resolve the audit comments.

Respectfully submitted,



Carol A. Selby
Clerk-Treasurer
Town of Albion

CLERK-TREASURER
TOWN OF ALBION
EXIT CONFERENCE

The contents of this report were discussed on December 17, 2019, with Carol A. Selby, Clerk-Treasurer; Vicki E. Jellison, President of the Town Council; Stefen A. Wynn, Town Manager; and Tena Woenker, future Town Manager.