

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF ST. PAUL

DECATUR COUNTY, INDIANA

January 1, 2016 to December 31, 2018



FILED
01/03/2020

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Audit Results and Comments:	
Overdrawn Appropriations	6
Internal Controls	7
Exit Conference	8
Town Council:	
Audit Results and Comments:	
Adoption of Internal Control Standards	10
Training on Internal Control Standards	10
Exit Conference	11

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Melissa Coulter	01-01-16 to 12-31-19
President of the Town Council	Nicole Lemmons	01-01-16 to 12-31-16
	Eric Frazier	01-01-17 to 12-31-17
	Nicole Lemmons	01-01-18 to 12-31-18
	Logan Wilder	01-01-19 to 12-31-19
Superintendent of Utilities	Jerome Buening	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 ST. PAUL, DECATUR COUNTY, INDIANA

This report is supplemental to our audit report of the Town of St. Paul (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 statement. 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

December 19, 2019

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CLERK-TREASURER
TOWN OF ST. PAUL

CLERK-TREASURER
TOWN OF ST. PAUL
AUDIT RESULTS AND COMMENTS

OVERDRAWN APPROPRIATIONS

A similar comment appeared in the prior Report B47775.

Condition and Context

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
General	2017	\$ 92,131
General	2018	53,654
Local Road and Street	2018	45
Motor Vehicle Highway	2018	13,282

Criteria

Indiana Code 36-5-4-2 states in part: "Unless a statute provides otherwise, town monies may be disbursed only after an appropriation made by ordinance of the town legislative body . . ."

CLERK-TREASURER
TOWN OF ST. PAUL
AUDIT RESULTS AND COMMENTS
(Continued)

INTERNAL CONTROLS

Condition and Context

There were deficiencies in the internal control system for the Town and the Town's Utilities related to financial transactions and reporting. The Town had not separated incompatible activities related to cash and investment balances, receipts, disbursements, and financial close and reporting. The Clerk-Treasurer was primarily responsible for all financial activities. There were no controls in place, such as an oversight, review, or approval process, to ensure the accuracy of the financial transactions and reporting. The failure to establish and maintain internal controls could enable material misstatements or irregularities to remain undetected.

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 ST. PAUL
EXIT CONFERENCE

The contents of this report were discussed on December 19, 2019, with Melissa Coulter, Clerk-Treasurer, and Logan Wilder, President of the Town Council.

TOWN COUNCIL
TOWN OF ST. PAUL

TOWN COUNCIL
TOWN OF ST. PAUL
AUDIT RESULTS AND COMMENTS

ADOPTION OF INTERNAL CONTROL STANDARDS

Condition and Context

The Town did not adopt internal control standards and procedures during the audit period as required by Indiana Code 5-11-1-27(g).

Criteria

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

"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 . . ."

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

Training on internal control standards and procedures was not provided to Town personnel as required by Indiana Code 5-11-1-27(g).

Criteria

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

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

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

TOWN COUNCIL
TOWN OF ST. PAUL
EXIT CONFERENCE

The contents of this report were discussed on December 19, 2019, with Melissa Coulter, Clerk-Treasurer, and Logan Wilder, President of the Town Council.