

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF MOUNT ETNA

HUNTINGTON COUNTY, INDIANA

January 1, 2017 to December 31, 2018



**FILED**  
01/22/2020



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Erica L. Dorsett	01-01-16 to 12-31-23
President of the Town Council	Jim Kirby	01-01-17 to 12-31-20



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF MOUNT ETNA, HUNTINGTON COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Mount Etna (Town), for the period from January 1, 2017 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

January 16, 2020

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CLERK-TREASURER  
TOWN OF MOUNT ETNA

CLERK-TREASURER  
TOWN OF MOUNT ETNA  
AUDIT RESULT AND COMMENT

***INTERNAL CONTROL OVER FINANCIAL CLOSE AND REPORTING***

*Condition and Context*

The Clerk-Treasurer input the year-end information into the Indiana Gateway for Government Units financial reporting system, which was the source of the Annual Financial Report (AFR) and the financial statement, without an oversight, approval, or review process in place to ensure the accuracy of the information submitted.

The failure to establish these controls could have enabled material misstatements to go 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 MOUNT ETNA  
EXIT CONFERENCE

The contents of this report were discussed on January 16, 2020, with Erica L. Dorsett, Clerk-Treasurer, and Jim Kirby, President of the Town Council.

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TOWN COUNCIL  
TOWN OF MOUNT ETNA

TOWN COUNCIL  
TOWN OF MOUNT ETNA  
AUDIT RESULT AND COMMENT

***TRAINING ON INTERNAL CONTROL STANDARDS***

*Condition and Context*

Town Council members had not received training over the internal control standards adopted by the political subdivision. The Clerk-Treasurer was the only employee that provided a certification for receiving training on internal controls.

*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 MOUNT ETNA  
EXIT CONFERENCE

The contents of this report were discussed on January 16, 2020, with Erica L. Dorsett, Clerk-Treasurer, and Jim Kirby, President of the Town Council.