

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF SALAMONIA

JAY COUNTY, INDIANA

January 1, 2017 to December 31, 2018



FILED
04/08/2020

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Audit Result and Comment:	
Internal Controls	6
Exit Conference	7
Town Council:	
Audit Result and Comment:	
Internal Controls	10
Exit Conference	11

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Connie Southworth	01-01-16 to 12-31-23
President of the Town Council	Karen Keen	01-01-17 to 12-31-20



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF THE TOWN OF SALAMONIA, JAY COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Salamonia (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 opinions 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, were not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

March 4, 2020

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CLERK-TREASURER
TOWN OF SALAMONIA

CLERK-TREASURER
TOWN OF SALAMONIA
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

Condition and Context

There were deficiencies in the internal control system of the Town related to financial transactions and reporting.

Receipts

The Clerk-Treasurer was primarily responsible for all aspects of receipting with no controls in place, such as an oversight, review, or approval process.

Financial Close and Reporting

The Clerk-Treasurer prepared and submitted the financial information in the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Report and financial statements. There were no adequate controls in place, such as an oversight, review, or approval process, to ensure that the information submitted was accurate and timely.

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 SALAMONIA
EXIT CONFERENCE

The contents of this report were discussed on March 4, 2020, with Connie Southworth, Clerk-Treasurer, and Karen Keen, President of the Town Council.

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TOWN COUNCIL
TOWN OF SALAMONIA

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AUDIT RESULT AND COMMENT

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