

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF SHIPSHEWANA

LAGRANGE COUNTY, INDIANA

January 1, 2017 to December 31, 2018



FILED
04/09/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Ruth Ann Downey	01-01-16 to 12-31-23
President of the Town Council	C. Arlene Lazzaro	01-01-17 to 12-31-17
	Elmer Mast	01-01-18 to 12-31-18
	Tad Hite	01-01-19 to 12-31-20
President of the Storm Water Management District	Christine A. Yoder	01-01-17 to 12-31-20
Superintendent of Water Utility	Josh Koontz	01-01-17 to 12-31-17
	David West	01-01-18 to 12-31-20
Superintendent of Wastewater Utility	(Vacant)	01-01-17 to 12-31-17
	Sean Neeley	01-01-18 to 12-31-20
Superintendent of Storm Water Utility	Roger Owsley	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 SHIP SHEWANA, LAGRANGE COUNTY, INDIANA

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

March 26, 2020

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CLERK-TREASURER
TOWN OF SHIPSHEWANA

CLERK-TREASURER
TOWN OF SHIPSHEWANA
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

Condition and Context

The Clerk-Treasurer submitted, after review from a financial consultant, the financial information into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Annual Financial Report and financial statement. While there were segregation of duties in place, there was no documented evidence of a review, oversight, or approval process provided by the Town prior to submitting the financial information into Gateway.

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 SHIPSHEWANA
EXIT CONFERENCE

The contents of this report were discussed on March 26, 2020, with Ruth Ann Downey, Clerk-Treasurer; Tad Hite, President of the Town Council; and Robert Shanahan, Town Manager.