

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF FULTON

FULTON 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	Connie Hartman Valerie Gray	01-01-17 to 03-25-19 03-26-19 to 12-31-20
President of the Town Council	Timothy Strasser	01-01-17 to 12-31-20



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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TO: THE OFFICIALS OF THE TOWN OF FULTON, FULTON COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Fulton (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/](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

March 25, 2020

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CLERK-TREASURER  
TOWN OF FULTON

CLERK-TREASURER  
TOWN OF FULTON  
AUDIT RESULTS AND COMMENTS

**FINANCIAL TRANSACTIONS AND REPORTING**

*Condition and Context*

There were several deficiencies in the internal control system of the Town related to financial transactions and reporting. The Town had not established an effective system of internal controls related to cash and investments, receipts, and financial reporting.

*Cash and Investments*

The Town did not have controls in place to ensure that bank reconcilements were accurately prepared. Due to the lack of effective controls, a variance of \$10,579 existed between the bank balances and the record balances at December 31, 2018. There was no oversight, review, or approval process to ensure the accuracy of the bank reconcilements.

*Receipts*

The Town did not have controls in place to ensure accurate recording and reporting of receipts. The Clerk-Treasurer was solely responsible for the receipting of funds without any oversight, review, or approval process.

*Financial Reporting*

The Clerk-Treasurer entered financial information into the Indiana Gateway for Government Units (Gateway) financial reporting system, which is the source of the Annual Financial Report and the financial statement. There was no documented evidence of an oversight, review, or approval process by someone other than the Clerk-Treasurer prior to or after 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.

CLERK-TREASURER  
TOWN OF FULTON  
AUDIT RESULTS AND COMMENTS  
(Continued)

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. . . ."

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The fiscal officer certified on both the Town's 2017 and 2018 Annual Financial Report that personnel had been trained; however, we were not able to verify whether training on internal control standards and procedures had been completed by the former Clerk-Treasurer.

*Criteria*

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

CLERK-TREASURER  
TOWN OF FULTON  
EXIT CONFERENCE

The contents of this report were discussed on March 25, 2020, with Valerie Gray, Clerk-Treasurer, and Timothy Strasser, President of the Town Council.

TOWN COUNCIL  
TOWN OF FULTON

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AUDIT RESULTS AND COMMENTS

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TOWN COUNCIL  
TOWN OF FULTON  
AUDIT RESULTS AND COMMENTS  
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**TRAINING ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

We were not able to verify whether training on internal control standards and procedures had been completed by the former Clerk-Treasurer.

*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 FULTON  
EXIT CONFERENCE

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