

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF LANESVILLE

HARRISON COUNTY, INDIANA

January 1, 2017 to December 31, 2018



FILED

04/17/2020

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Audit Results and Comments:	
Internal Controls over Financial Transactions and Reporting.....	6-7
Capital Asset Records.....	7
Exit Conference	8
Town Council:	
Audit Result and Comment:	
Internal Controls over Financial Transactions and Reporting.....	10
Exit Conference	11

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Elizabeth A. Blocker	01-01-16 to 12-31-23
President of the Town Council	Herbert L. Schneider	01-01-17 to 12-31-20
Superintendent of Utilities	Matthew Beckman	01-01-17 to 12-31-20



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE TOWN OF LANESVILLE, HARRISON COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Lanesville (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, was not verified for accuracy.

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

April 2, 2020

(This page intentionally left blank.)

CLERK-TREASURER
TOWN OF LANESVILLE

CLERK-TREASURER
TOWN OF LANESVILLE
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

The Town did not have adequate internal controls in place related to cash and investments, receipts, payroll disbursements, and financial close and reporting.

Cash and Investments

The Clerk-Treasurer prepared the monthly reconcilements of the bank balances to the funds ledger and presented it to the Town Council for review and approval. No evidence was presented for audit to document the review and approval of the reconcilements by someone other than the preparer.

Receipts - Town and Utility

The Clerk-Treasurer prepared the Deposit Summary Reports and presented them to the Town Council for review and approval. No evidence was presented for audit to document the review and approval of receipts by someone other than the preparer.

Payroll Disbursements

The Clerk-Treasurer prepared the Payroll Voucher Report and presented it to the Town Council for review and approval. No evidence was presented for audit to document the review and approval by someone other than the preparer.

Financial Close and Reporting

The Clerk-Treasurer prepared the Annual Financial Report and presented it to the Town Council for review and approval. No evidence was presented for audit to document the review and approval of the report prior to submission.

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:

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

"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. . . ."

CAPITAL ASSET RECORDS

Condition and Context

The Town did not maintain a detailed listing of its capital assets, nor had they conducted a physical inventory in recent years.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER
TOWN OF LANESVILLE
EXIT CONFERENCE

The contents of this report were discussed on April 2, 2020, with Elizabeth A. Blocker, Clerk-Treasurer, and Herbert L. Schneider, President of the Town Council.

TOWN COUNCIL
TOWN OF LANESVILLE

TOWN COUNCIL
TOWN OF LANESVILLE
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

The Town did not have adequate internal controls in place related to cash and investments, receipts, payroll disbursements, and financial close and reporting.

Cash and Investments

The Clerk-Treasurer prepared the monthly reconcilements of the bank balances to the funds ledger and presented it to the Town Council for review and approval. No evidence was presented for audit to document the review and approval of the reconcilements by someone other than the preparer.

Receipts - Town and Utility

The Clerk-Treasurer prepared the Deposit Summary Reports and presented them to the Town Council for review and approval. No evidence was presented for audit to document the review and approval of receipts by someone other than the preparer.

Payroll Disbursements

The Clerk-Treasurer prepared the Payroll Voucher Report and presented it to the Town Council for review and approval. No evidence was presented for audit to document the review and approval by someone other than the preparer.

Financial Close and Reporting

The Clerk-Treasurer prepared the Annual Financial Report and presented it to the Town Council for review and approval. No evidence was presented for audit to document the review and approval of the report prior to submission.

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. . . ."

TOWN COUNCIL
TOWN OF LANESVILLE
EXIT CONFERENCE

The contents of this report were discussed on April 2, 2020, with Herbert L. Schneider, President of the Town Council.