

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF GOSPORT

OWEN COUNTY, INDIANA

January 1, 2017 to December 31, 2019



FILED
04/20/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Donald Hall	01-01-17 to 12-31-24
President of the Town Council	Mitch Pearce Brenda King	01-01-17 to 12-31-18 01-01-19 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 GOSPORT, OWEN COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Gosport (Town), for the period from January 1, 2017 to December 31, 2019. 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 Statements Audit Report of the Town, which provides our opinions on the Town's financial statements. 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 7, 2020

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CLERK-TREASURER
TOWN OF GOSPORT

CLERK-TREASURER
TOWN OF GOSPORT
AUDIT RESULTS AND COMMENTS

APPROPRIATIONS

The same comment also appeared in the prior Report B49992.

Condition and Context

The records presented for audit indicated that the 2019 MOTOR VEHICLE HIGHWAY fund expenditures were in excess of budgeted appropriations by \$29,563.

Criteria

Indiana Code 36-5-4-2 states in part: "Unless a statute provides otherwise, town monies may be disbursed only after an appropriation made by ordinance of the town legislative body . . ."

CAPITAL ASSETS

Condition and Context

The Town did not maintain capital asset records during the audit period.

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)

ERRORS ON CLAIMS

Condition and Context

There were four claims that were not located for audit. Additionally, there were some claims that were paid from a monthly statement without itemized supporting invoices attached.

Additionally, none of the claims tested had been approved by the Clerk-Treasurer or the Town Council.

Criteria

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

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

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

INTERNAL CONTROLS

Condition and Context

The Clerk-Treasurer performed all accounting functions over receipts, disbursements, and monthly bank reconciliations without any review or oversight by another individual.

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 GOSPORT
EXIT CONFERENCE

The contents of this report were discussed on April 7, 2020, with Donald Hall, Clerk-Treasurer, and Brenda King, President of the Town Council.

TOWN COUNCIL
TOWN OF GOSPORT

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AUDIT RESULTS AND COMMENTS

APPROPRIATIONS

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Condition and Context

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Criteria

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

ERRORS ON CLAIMS

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TOWN OF GOSPORT
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