

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF RUSSIAVILLE

HOWARD COUNTY, INDIANA

January 1, 2017 to December 31, 2019



FILED
04/23/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Megan Reel	01-01-16 to 12-31-23
President of the Town Council	Jeffrey Lipinski	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 RUSSIIVILLE, HOWARD COUNTY, INDIANA

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

April 13, 2020

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CLERK-TREASURER
TOWN OF RUSSIAVILLE

CLERK-TREASURER
TOWN OF RUSSIAVILLE
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. The Town had not separated incompatible activities related to cash and investments, receipts, and financial close and reporting. The failure to establish these controls could enable material misstatements to occur and remain undetected.

Cash and Investments

The Town did not have controls in place in 2017 to ensure that bank reconciliations were accurately prepared. Only one employee was responsible for performing the reconciliations. There was no oversight or approval process.

Receipts

The Town did not have controls in place to ensure receipts were recorded accurately and reported correctly. Only one employee collected funds, prepared the receipts, recorded the receipts, and created the deposit slip. There was no oversight or approval process.

Financial Close and Reporting

The Town did not have controls in place to ensure the accuracy of the information submitted for the Annual Financial Report in the Indiana Gateway for Government Units financial reporting system, which was the source of the financial statements. There was no oversight or approval process.

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 of Russiaville
250 N. Union St.
P.O. Box 278
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765-883-5739**

To SBOA

Cash and Investments –

The bank reconciliations from 2018 going forward are being reviewed by the council.

Receipts –

Beginning in 2020, the council now approves all receipts at the monthly meeting for the previous month. At the March 2020 meeting the receipts were approved for January and February 2020.

Financial Close and Reporting –

Beginning in 2020 for the 2019 AFR, the council reviews the fund report versus the cash and investment report from Gateway, yearly.

*Very Truly Yours,
Megan Reel
Clerk Treasurer
Town of Russiaville*

CLERK-TREASURER
TOWN OF RUSSIAVILLE
EXIT CONFERENCE

The contents of this report were discussed on April 13, 2020, with Megan Reel, Clerk-Treasurer, and Donald Parvin, Vice President of the Town Council.