

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF KEWANNA

FULTON 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	Jenny C. Kay JoAnn Collins	01-01-15 to 12-31-18 01-01-19 to 12-31-22
President of the Town Council	Jeffrey A. Finke	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 KEWANNA, FULTON COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Kewanna (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 14, 2020

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CLERK-TREASURER
TOWN OF KEWANNA

CLERK-TREASURER
TOWN OF KEWANNA
AUDIT RESULTS AND COMMENTS

ORDINANCES AND RESOLUTIONS - SEWAGE UTILITY BILLINGS

Condition and Context

The Town did not always follow its sewage rate ordinance for all of its customer billings. There were unidentified differences between the amount billed and the amount that should have been billed in accordance with the rate ordinance.

Criteria

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

There were 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 receipts and financial reporting.

Receipts

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

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

Financial Reporting

The Clerk-Treasurer entered financial information into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Annual Financial Report and the financial statements. 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.

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 KEWANNA
EXIT CONFERENCE

The contents of this report were discussed on April 14, 2020, with JoAnn Collins, Clerk-Treasurer, and Jeffrey A. Finke, President of the Town Council.

TOWN COUNCIL
TOWN OF KEWANNA

TOWN COUNCIL
TOWN OF KEWANNA
AUDIT RESULT AND COMMENT

FINANCIAL TRANSACTIONS AND REPORTING

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TOWN OF KEWANNA
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