

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF LAGRANGE

LAGRANGE COUNTY, INDIANA

January 1, 2017 to December 31, 2018



FILED
04/24/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Laurie D. Miller	01-01-16 to 12-31-23
President of the Town Council	Juan C. Arroyo (Vacant) Raymond E. Hoover	01-01-17 to 06-01-19 06-02-19 to 06-30-19 07-01-19 to 12-31-20
Superintendent of Water Utility	John F. Leu Mark Miller	01-01-17 to 11-02-18 11-03-18 to 12-31-20
Superintendent of Wasterwater Utility	Jeff Moore	01-01-17 to 12-31-20
Town Manager	Mark W. Eagleson	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 LAGRANGE, LAGRANGE COUNTY, INDIANA

This report is supplemental to our audit report of the Town of LaGrange (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 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 15, 2020

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CLERK-TREASURER
TOWN OF LAGRANGE

CLERK-TREASURER
TOWN OF LAGRANGE
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

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 separated incompatible activities related to receipts, payroll disbursements, and financial close and reporting.

Receipts

The Clerk-Treasurer and Utility Clerk collected funds, issued and recorded receipts, and prepared bank deposit slips. There was no evidence of a review, oversight, or approval process by another employee to ensure the accuracy of the deposit and recording of receipts.

Payroll Disbursements

The Clerk-Treasurer processed payroll within the Town's payroll system and released direct deposits. There was no evidence of a review, oversight, or approval process by another employee to ensure the accuracy of gross payroll and deductions prior to the release of direct deposits.

Financial Close and Reporting

The Clerk-Treasurer entered the Town's financial information into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Annual Financial Report and financial statement. There was no evidence of a review, oversight, or approval process prior to the submission 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 LAGRANGE
EXIT CONFERENCE

The contents of this report were discussed on April 15, 2020, with Laurie D. Miller, Clerk-Treasurer; Mark W. Eagleson, Town Manager; and Raymond E. Hoover, President of the Town Council.