

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF BOSWELL

BENTON COUNTY, INDIANA

January 1, 2017 to December 31, 2019



FILED
04/27/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Donna Musenbrock	01-01-17 to 12-31-20
President of the Town Council	Joy Rountree	01-01-17 to 12-31-17
	Kyle Brost	01-01-18 to 12-31-18
	Jake Foster	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 BOSWELL, BENTON COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Boswell (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 17, 2020

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CLERK-TREASURER
TOWN OF BOSWELL

CLERK-TREASURER
TOWN OF BOSWELL
AUDIT RESULTS AND COMMENTS

FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

There were deficiencies in the internal control system of the Town related to financial transactions and reporting. There was a lack of segregation of duties, as the Town had not separated incompatible activities related to receipts, payroll disbursements, and financial reporting. The Town did not have enough employees to provide adequate segregation of duties. The Town Council did not provide enough documented oversight to provide proper segregation of duties.

Receipts

The Clerk-Treasurer and Deputy Clerk-Treasurer both received collections, issued and recorded receipts, prepared the deposits, and took the deposits to the bank. An oversight or review process was not documented, nor was evidence of who performed which procedures documented.

Payroll Disbursements

The Deputy Clerk-Treasurer performed all of the activities related to payroll disbursements. The Clerk-Treasurer reviewed gross payroll by fund; however, documentation of a review process at the detail transaction level, to ensure that the correct amounts were paid from the correct fund and account, was not designed or implemented.

Financial Reporting

The Clerk-Treasurer input the financial information into the Indiana Gateway for Government Units financial reporting system, which was the source for the financial statements, from the Town's financial accounting system. There was no evidence of an oversight or review process to detect and correct errors before submission.

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

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. Clear documentation should be maintained for continuity as well as ease of communication to outside parties."

PAYMENTS MADE WITHOUT CONTRACTS

Condition and Context

Payments totaling \$4,550, \$8,870, and \$6,550 were made for backhoe services in 2017, 2018, and 2019, respectively. Payments totaling \$3,500 and \$12,000 were made for professional services in 2018 and 2019, respectively. Written contracts were not presented to support these payments.

Criteria

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER
TOWN OF BOSWELL
EXIT CONFERENCE

The contents of this report were discussed on April 17, 2020, with Donna Musenbrock, Clerk-Treasurer, and Jake Foster, President of the Town Council.

TOWN COUNCIL
TOWN OF BOSWELL

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AUDIT RESULTS AND COMMENTS

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AUDIT RESULTS AND COMMENTS
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