

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF VEEDERSBURG

FOUNTAIN COUNTY, INDIANA

January 1, 2017 to December 31, 2019



FILED
04/28/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kathy J. Pugh Kristin Allen	01-01-16 to 12-31-19 01-01-20 to 12-31-23
President of the Town Council	Keith K. Smith	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 VEEDERSBURG, FOUNTAIN COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Veedersburg (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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TOWN COUNCIL
TOWN OF VEEDERSBURG

TOWN COUNCIL
TOWN OF VEEDERSBURG
AUDIT RESULT AND COMMENT

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

The Town did not have the certification page documenting any new employees that had completed the training on internal control webinar for 2019.

Criteria

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

TOWN COUNCIL
TOWN OF VEEDERSBURG
EXIT CONFERENCE

The contents of this report were discussed on April 14, 2020, with Kristin Allen, Clerk-Treasurer, and Keith K. Smith, President of the Town Council.

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CLERK-TREASURER
TOWN OF VEEDERSBURG

CLERK-TREASURER
TOWN OF VEEDERSBURG
AUDIT RESULTS AND COMMENTS

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The Town had not correctly completed the certification on internal control standards as new employees had not completed the training in 2019.

Context

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

CAPITAL ASSETS

Condition and Context

The Town had not provided a detailed listing of all capital assets owned, which reflected their acquisition value.

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)

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

INTERNAL CONTROLS

Condition and Context

Financial Close and Reporting

The Town had implemented internal controls over Financial Close and Reporting by having the Annual Financial Report presented to the Town Council for approval prior to its submission. In 2019, there was no evidence of this control.

Receipts

The Town had not implemented internal controls over Receipts. For Utility and Town receipts, there was no evidence that the amount posted was verified to the amount collected. For Town receipts, there was no evidence of a control such as review, approval, or oversight, to verify that receipts were accurately posted.

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 VEEDERSBURG
EXIT CONFERENCE

The contents of this report were discussed on April 14, 2020, with Kristin Allen, Clerk-Treasurer, and Keith K. Smith, President of the Town Council.

The contents of this report were discussed on April 22, 2020, with Kathy J. Pugh, former Clerk-Treasurer.