

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF BRISTOL

ELKHART COUNTY, INDIANA

January 1, 2017 to December 31, 2019



FILED
09/18/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mary J. Ryman Cathryn Antonelli	01-01-17 to 12-31-19 01-01-20 to 12-31-20
President of the Town Council	Ronald Norman Cathy Burke Jeffrey Beachy	01-01-17 to 07-31-18 08-01-18 to 12-31-18 01-01-19 to 12-31-20



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF BRISTOL, ELKHART COUNTY, INDIANA

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

August 4, 2020

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CLERK-TREASURER
TOWN OF BRISTOL

CLERK-TREASURER
TOWN OF BRISTOL
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

A similar comment also appeared in prior Report B49714, entitled *Internal Controls over Annual Financial Report*.

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 receipts, disbursements (including payroll), and financial reporting. The failure to establish these controls could have enabled material misstatements to be undetected.

Receipts

Receipts were entered into the financial software by the Clerk-Treasurer or Deputy Clerk-Treasurer, and there was no evidence of an oversight or review process to ensure that transactions were entered correctly.

Disbursements

Accounts Payable Vouchers were entered into the financial software and attached to the corresponding invoice by the Clerk-Treasurer, there was no evidence of an oversight or review process to ensure that transactions were entered correctly. Payroll was processed by the Clerk-Treasurer. There was no evidence of an oversight or review process to ensure that employees were paid in the appropriate amounts and from the proper funds.

Financial Reporting

The Annual Financial Report was prepared and submitted by the Clerk-Treasurer; there was no evidence of an oversight, review, or approval process to ensure the accuracy prior to submission.

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:

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

"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. . . ."

ERRORS ON CLAIMS

Condition and Context

Of the 27 vendor claims tested, 6 did not have adequate supporting documentation available for review to ensure that the disbursement was paid to the proper vendor for the correct amount.

Criteria

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim; . . ."

CLERK-TREASURER
TOWN OF BRISTOL
EXIT CONFERENCE

The contents of this report were discussed on August 4, 2020, with Cathryn Antonelli, Clerk-Treasurer; Jill Swartz, Deputy Clerk-Treasurer; Jeffrey Beachy, President of the Town Council; Cathy Burke, Town Council member; Whitney Pierle, Town Council member; Delbert Schrock, Town Council member; and Floyd Lynch, Town Council member.