

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF MCCORDSVILLE

HANCOCK COUNTY, INDIANA

January 1, 2018 to December 31, 2019



**FILED**

12/28/2020



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Cathy Gardner Staci Starcher	01-01-18 to 12-31-19 01-01-20 to 12-31-20
President of the Town Council	Larry Longman Thomas R. Strayer Barry Wood	01-01-18 to 12-31-18 01-01-19 to 12-31-19 01-01-20 to 12-31-20
Utility Office Manager	Staci Starcher Stephanie Crider	01-01-18 to 12-31-19 01-01-20 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 MCCORDSVILLE, HANCOCK COUNTY, INDIANA

This report is supplemental to our audit report of the Town of McCordsville (Town), for the period from January 1, 2018 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 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/](http://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

December 22, 2020

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CLERK-TREASURER  
TOWN OF MCCORDSVILLE

CLERK-TREASURER  
TOWN OF MCCORDSVILLE  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS OVER FINANCIAL CLOSE AND REPORTING**

*Condition and Context*

There were deficiencies in the internal control system of the Town related to financial transactions. The Town had not separated incompatible activities related to financial close and reporting.

*Financial Close and Reporting*

There was no evidence of an effective oversight, review, or approval process to ensure the accuracy of the information submitted for financial reporting. The Clerk-Treasurer compiled the financial information for submission to the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Reports and the financial statement; however, there was no evidence of internal controls in place to ensure that the information submitted was accurate.

*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 MCCORDSVILLE  
EXIT CONFERENCE

The contents of this report were discussed on December 22, 2020, with Staci Starcher, Clerk-Treasurer; Barry Wood, President of the Town Council; Greg Brewer, Town Council member; and Larry Longman, Town Council member.

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TOWN COUNCIL  
TOWN OF MCCORDSVILLE

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