

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF EATON

DELAWARE COUNTY, INDIANA

January 1, 2018 to December 31, 2018



**FILED**  
10/27/2021



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Vicki Hargis Bridgett S. DeWees	01-01-18 to 12-31-19 01-01-20 to 12-31-21
President of the Town Council	Daniel Blankenship	01-01-18 to 12-31-21
Utility Office Manager	Bridgett S. DeWees Derek Mitchell	01-01-18 to 12-31-19 01-01-20 to 12-31-21



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF EATON, DELAWARE COUNTY, INDIANA

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

September 23, 2021

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CLERK-TREASURER  
TOWN OF EATON

CLERK-TREASURER  
TOWN OF EATON  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS**

The same comment also appeared in prior Report B52135.

*Condition and Context*

*Cash and Investments*

The Deputy Clerk-Treasurer and the Clerk-Treasurer performed different parts of the bank reconciliation, and then it was reviewed by the Town Council President. However, 9 of the 12 bank reconciliations did not have audit evidence to confirm appropriate reviews were performed.

*Receipts*

The Deputy Clerk-Treasurer and Clerk-Treasurer recorded and deposited receipts without a documented oversight or approval process to ensure the accuracy of receipts.

*Financial Close and Reporting*

The Clerk-Treasurer prepared and submitted the financial information into the Annual Financial Report through the Indiana Gateway for Government Units financial reporting system, which was the source of the financial statement. There was no evidence of an oversight, review, or approval process, to ensure that the information was accurate before 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:

"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 EATON  
AUDIT RESULTS AND COMMENTS  
(Continued)

**BANK ACCOUNT RECONCILIATIONS**

*Condition and Context*

The Town did not reconcile timely the ledger balances of public funds with the bank statements provided by the respective depositories for 8 out of the 12 months inspected.

*Criteria*

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

**LATE SUBMISSION OF ANNUAL FINANCIAL REPORT**

This same comment appeared in a Management Letter addressed to officials for the audit period ending December 31, 2017.

*Condition and Context*

The Town's Annual Financial Report for 2018 was not filed electronically until April 15, 2019, which was 45 days past the due date.

*Criteria*

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

"The state examiner shall require from every audited entity 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](#)."

**MOVING TRAFFIC VIOLATIONS**

*Condition and Context*

The Town enforced moving traffic violations from 2012 through 2015 and enforced one violation in 2016 and one in 2019, and received payments totaling \$9,085. The Town did not remit any of the payments received to the State of Indiana.

*Criteria*

Indiana Code 36-1-6-3(c) states: "An ordinance defining a moving traffic violation may not be enforced under [IC 33-36](#) and must be enforced in accordance with [IC 34-28-5](#)."

The accounts of each public official and public office should reflect the proper treatment of fines collected for moving traffic violations as required by Indiana Code § 36-1-6-3(c), Indiana Code Ch. 34-28-5, and this Directive. Failure to do so will result in a civil action against those public officials who are responsible for the improper enforcement and collection of fines for moving traffic violations as allowable by law. (State Examiner Directive 2015-1)

CLERK-TREASURER  
TOWN OF EATON  
EXIT CONFERENCE

The contents of this report were discussed on September 23, 2021, with Bridgett S. DeWees, Clerk-Treasurer; Daniel Blankenship, President of the Town Council; Roger Wells, Town Council member; Dustin Reese, Town Council member; and Clay McDaniel, Town Council member.

TOWN COUNCIL  
TOWN OF EATON

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AUDIT RESULTS AND COMMENTS

**TRAINING ON INTERNAL CONTROL STANDARDS**

The same comment also appeared in prior Report B52135.

*Condition and Context*

The Town did not train key personnel on internal control standards as required by statute.

*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."

**COMPENSATION - NONEMPLOYEES**

*Condition and Context*

Firefighting services are provided by the Town through the Eaton Volunteer Fire Department, an outside organization. Firefighters were paid through the Town's payroll based on the number of runs a firefighter participated in during the year; however, the Town did not have an approved run rate or contract with the volunteer fire department.

*Criteria*

Payments for services provided by an organization must go directly to the organization and not to an individual employee of the organization. All payments for services must be supported by a written contract. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Indiana Code 36-8-12-4 states:

"The contract between a unit and a volunteer fire department must provide that the unit pay to the department, as consideration for the contract, an amount of money that is determined by negotiation between them. This consideration must include the amounts that the unit is required to pay under this chapter for insurance premiums and clothing, automobile, and other allowances."

TOWN COUNCIL  
TOWN OF EATON  
EXIT CONFERENCE

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