

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, 2019 to December 31, 2019



FILED

10/27/2021

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Audit Results and Comments:	
Capital Assets	6
Certification on Internal Control Standards	6
Internal Controls	7
Exit Conference	8
Town Council:	
Audit Result and Comment:	
Training on Internal Control Standards	10
Exit Conference	11

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Vicki Hargis Bridgett S. DeWees	01-01-19 to 12-31-19 01-01-20 to 12-31-21
President of the Town Council	Daniel Blankenship	01-01-19 to 12-31-21
Utility Office Manager	Bridgett S. DeWees Derek Mitchell	01-01-19 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, 2019 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/.

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

CAPITAL ASSETS

Condition and Context

The Town did not perform a physical inventory at least every two years. In addition, the Town did not keep its detailed capital asset listing up to date, and the listing did not include additions or deletions that occurred during the audit period.

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)

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The Clerk-Treasurer certified on the Annual Financial Report that personnel had received training on the internal control standards adopted by the Town; however, training on the internal control standards had not yet been completed during the audit period.

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](#)."

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

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 President of the Town Council; however, 5 of the 12 bank reconciliations were not reconciled timely.

Receipts

The Deputy Clerk-Treasurer and Clerk-Treasurer recorded and deposited receipts without a documented oversight or approval process.

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
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 RESULT AND COMMENT

TRAINING ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior 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."

TOWN COUNCIL
TOWN OF EATON
EXIT CONFERENCE

The contents of this report were discussed 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.