

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF NEW ROSS

MONTGOMERY COUNTY, INDIANA

January 1, 2019 to December 31, 2020



FILED

12/03/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Ashley Kelsey	01-01-19 to 12-31-21
President of the Town Council	Michael Myers Jason Haltom Sherry Whetstone	01-01-19 to 01-08-20 01-09-20 to 03-08-21 03-09-21 to 12-31-21



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF NEW ROSS, MONTGOMERY COUNTY, INDIANA

This report is supplemental to our audit report of the Town of New Ross (Town), for the period from January 1, 2019 to December 31, 2020. 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

November 23, 2021

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CLERK-TREASURER
TOWN OF NEW ROSS

CLERK-TREASURER
TOWN OF NEW ROSS
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

A similar comment also appeared in prior Report B53463, entitled *Internal Controls*.

Condition and Context

There was a deficiency in the internal control system of the Town related to financial close and reporting. The Town did not have a system of internal controls in place to ensure the accuracy of the transactions included in the records and reported in the annual financial report. The failure to establish these controls could have enabled material misstatements or irregularities to occur and remain undetected.

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. . . ."

TRASH COLLECTION FEES

Condition and Context

The Town did not provide an ordinance or resolution to substantiate the amount of fees charged to customers for trash collection and trash collection penalties.

Criteria

Fees can only be collected as specifically authorized by law or properly authorized ordinance/resolution. When a fee is NOT specified by law, but instead through the use of an ordinance/resolution, sufficient authoritative reference should be maintained. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Towns, Chapter 1)

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

CAPITAL ASSETS

Condition and Context

The Town did not have a capital asset policy, has not had a complete physical inventory completed within the last two years, and did not have a complete detailed listing of capital assets.

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)

FAILURE TO REPORT MISAPPROPRIATION OF FUNDS

Condition and Context

The Indiana State Police (ISP) investigated an instance of ghost employment at the Town. The ISP investigation revealed that the Town Marshal reported working for the Town concurrently with his other employer. The investigation concluded with a Plea Agreement in which the Town Marshal pled to Official Misconduct, a Level 6 felony, and was ordered to pay restitution in the amount of \$10,000. The Town failed to report this misappropriation of funds to the Indiana State Board of Accounts.

Criteria

Indiana Code 5-11-1-27(l) states:

"A public officer who has actual knowledge of or reasonable cause to believe that there has been a misappropriation of public funds or assets of the public office, including:

- (1) information obtained as a result of a police report;
- (2) an internal audit finding; or
- (3) another source indicating that a misappropriation has occurred;

shall immediately send written notice of the misappropriation to the state board of accounts and the prosecuting attorney serving in the area governed by the political subdivision."

CLERK-TREASURER
TOWN OF NEW ROSS
EXIT CONFERENCE

The contents of this report were discussed on November 23, 2021, with Ashley Kelsey, Clerk-Treasurer; Sherry Whetstone, President of the Town Council; Russell Rogers, Town Council member; and Darrell Grimes, Town Council member.

TOWN COUNCIL
TOWN OF NEW ROSS

TOWN COUNCIL
TOWN OF NEW ROSS
AUDIT RESULT AND COMMENT

TRASH COLLECTION FEES

Condition and Context

The Town did not provide the Indiana State Board of Accounts with an ordinance or resolution to substantiate the amount of fees charged to customers for trash collection and trash collection penalties.

Criteria

Fees can only be collected as specifically authorized by law or properly authorized ordinance/resolution. When a fee is NOT specified by law, but instead through the use of an ordinance/resolution, sufficient authoritative reference should be maintained. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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TOWN OF NEW ROSS
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