

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF DANA

VERMILLION COUNTY, INDIANA

January 1, 2018 to December 31, 2020



FILED
01/06/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sara J. Benskin	01-01-18 to 12-31-21
President of the Town Council	John M. Davern	01-01-18 to 12-31-21



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF DANA, VERMILLION COUNTY, INDIANA

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

December 3, 2021

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TOWN COUNCIL
TOWN OF DANA

TOWN COUNCIL
TOWN OF DANA
AUDIT RESULT AND COMMENT

TRAINING ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B51065.

Condition and Context

The Town Council did not train employees on the internal control standards as defined by the Indiana State Board of Accounts.

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 DANA
EXIT CONFERENCE

The contents of this report were discussed on December 3, 2021, with Sara J. Benskin, Clerk-Treasurer, and John M. Davern, President of the Town Council.

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CLERK-TREASURER
TOWN OF DANA

CLERK-TREASURER
TOWN OF DANA
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS - CLERK-TREASURER

The same comment also appeared in prior Report B51065.

Condition and Context

Internal controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient. There was no segregation of duties for the significant audit areas. The Clerk-Treasurer completed the bank reconciliation, issued receipts, issued checks, posted checks, and processed payroll. There was no evidence of oversight or a review or approval process.

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. . . ."

CONDITION OF RECORDS

The same comment also appeared in prior Report B51065.

Condition and Context

Several distributions from the Auditor of State and County Auditor were improperly posted. The below schedule lists the distributions that were posted to the improper fund. The fund to which the amount was improperly posted was overstated, and the fund to which the amount should have been posted, but was not, was understated.

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

Year	Description	Amount	Overstated	Understated
2018	Motor Vehicle Highway Distribution	\$ 4,437.29	General Fund	Motor Vehicle Highway
2018	Motor Vehicle Highway Distribution	1,165.33	Local Road & Street	Motor Vehicle Highway
2018	Cigarette Tax - Gen	204.43	CCI	General Fund
2018	Local Road Street Distribution	856.52	General Fund	Local Road & Street
2018	Local Road Street Distribution	893.63	Motor Vehicle Highway	Local Road & Street
2018	June General FIT	1,071.35	CEDIT	General Fund
2018	June General CVET	300.98	Motor Vehicle Highway	General Fund
2018	June MVH FIT	149.57	CEDIT	Motor Vehicle Highway
2018	June MVH License Excise	490.42	General Fund	Motor Vehicle Highway
2018	June MVH Property Tax	7,704.90	General Fund	Motor Vehicle Highway
2018	Dec MVH FIT	159.79	General Fund	Motor Vehicle Highway
2018	Dec MVH License Excise	709.46	General Fund	Motor Vehicle Highway
2018	Dec MVH Property Tax	6,299.41	General Fund	Motor Vehicle Highway
2018	Dec MVH CVET	41.90	General Fund	Motor Vehicle Highway
2018	June Wheel/sur tax	210.73	General Fund	Motor Vehicle Highway
2018	Jan-Jul, Sep-Dec LIT EDIT	8,264.63	General Fund	LIT - Economic Development
2018	August LIT EDIT	751.33	Motor Vehicle Highway	LIT - Economic Development
2019	ABC Gallonage	764.96	Motor Vehicle Highway	General Fund
2019	Cigarette Tax - CCI	717.99	General Fund	CCI
2019	Local Road Street Distribution	876.80	Motor Vehicle Highway	Local Road & Street
2019	Local Road Street Distribution	469.90	General Fund	Local Road & Street
2019	Motor Vehicle Highway Distribution	2,451.54	Local Road & Street	Motor Vehicle Highway
2019	Motor Vehicle Highway Distribution	2,215.19	General Fund	Local Road & Street
2019	June MVH FIT	159.86	General Fund	Motor Vehicle Highway
2019	Dec MVH License Excise	775.37	General Fund	Motor Vehicle Highway
2019	Dec MVH CVET	50.99	General Fund	Motor Vehicle Highway
2019	Jan-Dec LIT EDIT	9,540.96	General Fund	LIT - Economic Development
2020	Cigarette Tax - CCI	674.13	General Fund	CCI
2020	Local Road Street Distribution	835.70	General Fund	Local Road & Street
2020	Motor Vehicle Highway Distribution	2,050.99	General Fund	Motor Vehicle Highway
2020	June Park FIT	78.68	General Fund	Parks
2020	June Park License Excise	157.16	General Fund	Parks
2020	June Park Property Tax	222.96	General Fund	Parks
2020	June Park CVET	15.64	General Fund	Parks
2020	Dec General CVET	380.36	CEDIT	General Fund
2020	Dec Park FIT	62.68	General Fund	Parks
2020	Dec Park License Excise	263.26	General Fund	Parks
2020	Dec Park Property Tax	2,223.05	General Fund	Parks
2020	Dec Park CVET	15.64	CEDIT	Parks
2020	January Wheel/sur tax	211.89	General Fund	Motor Vehicle Highway
2020	July Wheel/sur tax	388.17	General Fund	Motor Vehicle Highway
2020	April LIT Certified Shares	1,374.58	Public Safety LIT	General Fund
2020	Jan-Jul, Sep-Dec LIT EDIT	9,401.75	General Fund	LIT - Economic Development
2020	August LIT EDIT	796.25	CEDIT	LIT - Economic Development

Additionally, the Community Crossing Grant in the amount of \$324,589 was posted to the Motor Vehicle Highway fund instead of establishing a new fund on the ledger.

Criteria

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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

OVERDRAWN CASH BALANCES

Condition and Context

The following funds were overdrawn during the audit period:

Year	Fund	Amount Overdrawn
2018	Sewage Utility Operating	\$ 688
2019	Sewage Utility Operating	750
2020	Motor Vehicle Highway	4,701
2020	Water Utility Operating	5,977

Criteria

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CERTIFICATION ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B51065.

Condition and Context

The Clerk-Treasurer certified on the Annual Financial Report for 2018, 2019, and 2020, that the acceptable minimum internal control standards had been adopted and that all employees were trained on the standard; however, the Town did not train its employees.

Context

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](#)."

COMPENSATION AND BENEFITS

Condition and Context

During 2019, three employees were overpaid a total of \$2,800. A plan should be implemented to recover these amounts.

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

Criteria

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. 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)

Units must collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TIMELY RECORDING

Condition and Context

57 percent of the state distributions, 6 percent of the local distributions, and 13 percent of the miscellaneous receipts were not posted timely. The receipts were posted 11 days to 101 days late.

Criteria

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER COMPENSATION

Condition and Context

The Clerk-Treasurer's compensation was fixed by a salary ordinance adopted by the Town Council and effective as of January 1, 2018. The salary of the Clerk-Treasurer was reduced below the amount fixed for the previous year. This resulted in the Clerk-Treasurer's salary being reduced by \$5,166. The Clerk-Treasurer reimbursed herself in the amount of \$4,841, which left a remaining balance due to her of \$325.

The Clerk-Treasurer's compensation was fixed by a salary ordinance adopted by the Town Council and effective as of January 1, 2019. On September 24, 2019, the Town Council authorized a salary increase of \$3,072 to the Clerk-Treasurer, effective on that date. In addition, the Clerk-Treasurer received an extra paycheck in 2019 that totaled \$979. These errors resulted in an overpayment of \$4,051 in 2019.

The total compensation paid to Clerk-Treasurer, Sara J. Benskin (Benskin), in 2018 and 2019 exceeded the amount fixed in the salary ordinances by \$3,726. We requested Benskin reimburse the Town \$3,726 for the overpayment of compensation. (See Summary of Charges, page 18)

Criteria

Indiana Code 36-5-3-2 states in part:

"(a) As used in this section, 'compensation' means the total of all money paid to an elected town officer for performing duties as a town officer, regardless of the source of funds from which the money is paid. . . .

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

(b) The town legislative body shall, by ordinance, fix the compensation of its own members, the town clerk-treasurer, and the town marshal. An ordinance adopted under this subsection that fixes the annual compensation of an elected town officer shall provide for an annual, monthly, or biweekly salary schedule. An elected town officer is not required to report hours worked and may not be compensated based on the number of hours worked. The legislative body shall provide reasonable compensation for other town officers and employees.

(c) The compensation of an elected town officer may not be changed in the year for which it is fixed, nor may it be reduced below the amount fixed for the previous year. . . ."

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

OFFICIAL BOND COVERAGE

The Town obtained public official bond coverage for Benskin through the Auto-Owners Insurance Company for the term January 1, 2019 to December 31, 2019, in the amount of \$30,000.

UTILITY RECEIPT TAX

The same comment also appeared in prior Reports B42573 and B51065.

Condition and Context

The Water Utility did not pay utility receipts tax to the Indiana Department of Revenue for 2018, 2019, and 2020.

Criteria

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

MOTOR VEHICLE HIGHWAY (MVH) RESTRICTED FUND

Condition and Context

The Town had not established a new sub-fund or allocated 50 percent of the distributions from the State MVH account to a MVH Restricted fund during the audit period.

Criteria

Starting on January 1, 2019, the political subdivision must post at the time of receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted.

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

The political subdivision, by ordinance or resolution, may elect to allocate more than fifty percent (50%) of the distributions to MVH Restricted. During the same fiscal year, the political subdivision may transfer, by ordinance or resolution, the amount allocated in excess of the 50% requirement from MVH Restricted to MVH. In no event can any transfers from MVH Restricted to MVH reduce the fiscal year distributions from the State Motor Vehicle Highway Account below the 50% requirement for MVH Restricted. (State Examiner Directive 2018-2)

LATE SUBMISSION OF ANNUAL FINANCIAL REPORT

Condition and Context

The Town's Annual Financial Reports for 2019 and 2020 were not filed electronically until April 10, 2020, and April 6, 2021, respectively, which were 41 and 36 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](#)."

MONTHLY AND ANNUAL ENGAGEMENT UPLOADS

Condition and Context

As of October 18, 2021, the Town had not uploaded any of the files required for the monthly and annual engagement uploads into the Indiana Gateway for Government Units (Gateway) financial reporting system for 2018, 2019, and 2020.

Criteria

This amended directive is effective starting with December 2020 monthly files. The upload of December 2020 monthly files will be due February 15, 2021, and by the 15th of each month thereafter unless the State Board of Accounts (SBOA) establishes a different date. This is effective for 2020 annual files which will be due for upload March 1, 2021, for calendar year end units. For schools and extra-curricular accounts, this is effective for year ending June 30, 2021, which will be due August 29, 2021. Thereafter, annual files must be uploaded no later than March 1st (August 29th for schools and extra-curricular accounts) for the prior year end unless the SBOA establishes a different date.

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. . . .

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

The following files and governmental unit information are required to be uploaded monthly by all units except as noted:

- Bank Reconcilements, Bank Statements, and Outstanding Check Lists
- Approved Board Minutes, please see the user guide for more information and examples
- Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund . . .

The following files and governmental unit information are required to be uploaded annually (for Counties, these apply to County Auditors unless otherwise noted):

- Year-end Investment Statements (for Counties - County Treasurer)
- Detail of Receipts for the year
- Detail of Disbursements for the year
- Current year Salary Ordinance (or Schedule) and Amendments (except Schools)
- Annual Vendor History Report
- Annual Payroll History Report, without social security numbers
- Annual Funds Ledger, summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund
- Additionally, for Schools only: School Lunch Prepaid Account Balance Report as of June 30
Approved Salary Schedule for Noncertified Employees and Amendments
- Additionally, for County Sheriff only: Inmate Trust Fund Subsidiary Detail as of December 31
- Additionally, for County Clerk and Cities/Towns with courts: Court Trust Fund Subsidiary Detail as of December 31.
- Optional: Excel Data Capture/Data Dump (in lieu of Detail of Receipts and Disbursements)
. . . .

(Amended State Examiner Directive 2018-1)

Units are required to comply with all grant requirements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER
TOWN OF DANA
EXIT CONFERENCE

The contents of this report were discussed on December 3, 2021, with Sara J. Benskin, Clerk-Treasurer, and John M. Davern, President of the Town Council.

TOWN OF DANA
SUMMARY OF CHARGES
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	Charges	Credits	Balance Due
Sara J. Benskin, Clerk-Treasurer: Clerk-Treasurer Compensation, pages 13 and 14	\$ 3,726	\$	\$
Sara J. Benskin, Clerk-Treasurer: Receipt #1012 and Receipt #1013	_____	3,726	_____ -
Totals	\$ 3,726	\$ 3,726	\$ -

This report was forwarded to the Office of the Indiana Attorney General.