B60217

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF UPLAND

GRANT COUNTY, INDIANA

January 1, 2019, to December 31, 2021

FILED
11/15/2022

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SCHEDULE OF OFFICIALS

Office	Official	Term
Clerk-Treasurer	Francene Sizemore	01-01-19 to 05-10-22
	(Vacant)	05-11-22 to 06-06-22
	Mary Fletcher	06-07-22 to 12-31-22
President of the Town Council	John Bonham	01-01-19 to 12-31-22
Utility Office Manager	Shannon Clark	06-01-22 to 12-31-22

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF UPLAND, GRANT COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Upland (Town), for the period from January 1, 2019 to December 31, 2021. 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.

Beth Kelley

Beth Kelley, CPA, CFE
Deputy State Examiner

November 1, 2022

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CLERK-TREASURER
TOWN OF UPLAND

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS

Condition and Context

There were deficiencies in the internal control system of the Town related to cash and investments. The Town had not properly designed a system of internal controls over cash and investments to ensure that bank account reconcilements were reviewed to ensure the reconcilements were completed. There was no verifiable evidence of review of the bank reconcilements for the majority of the audit period.

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. . . ."

PUBLIC RECORDS RETENTION

Condition and Context

The following Utility reports were not maintained by the Town:

- Accounts with Balances Report
- Aged Trial Balance Report
- Billing Masterfile Report

These reports are time-sensitive and if not produced at the end of each month they could not be reproduced at a subsequent period.

Criteria

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

(1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.

(2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

COMPENSATION AND EMPLOYEE BENEFITS

Condition and Context

The Town paid out an employee's vacation and sick time without any policy stating how the payout is to be calculated or to the limit of the payout.

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)

All types of employee benefits must be detailed in a written policy. Payments for expenses not authorized in a written policy cannot be allowed.

The governing body must adopt policies governing sick leave, vacation leave, and any other types of paid leave. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

OVERDRAWN CASH BALANCES

Condition and Context

The Town had a negative fund balance at December 31, 2021, in the Water Utility Operating fund of $134,908.

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)

CLERK-TREASURER
TOWN OF UPLAND
EXIT CONFERENCE

The contents of this report were discussed on November 1, 2022, with Mary Fletcher, Clerk-Treasurer; John Bonham, President of the Town Council; Warren Ross, Town Council member; Matthew Voss, Town Council member; and Jonathan Perez, Town Manager.