

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF ROSEDALE

PARKE COUNTY, INDIANA

January 1, 2018 to December 31, 2022



FILED

04/27/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Adrienne Robinson Natalie J. Montgomery	01-01-18 to 06-04-18 06-05-18 to 12-31-23
President of the Town Council	John W. McMullen (Vacant)	01-01-18 to 04-16-23 04-17-23 to 04-19-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF ROSEDALE, PARKE COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Rosedale (Town), for the period from January 1, 2018 to December 31, 2022. 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.

A handwritten signature in blue ink that reads "Beth Kelley".

Beth Kelley, CPA, CFE
Deputy State Examiner

April 19, 2023

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CLERK-TREASURER
TOWN OF ROSEDALE

CLERK-TREASURER
TOWN OF ROSEDALE
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

The same comment also appeared in prior Report B50849.

Condition and Context

There were deficiencies in the internal control system of the Town related to financial transactions and reporting. Internal controls were not in place for the following significant audit areas:

Receipts

Receipts were posted to the accounting records and deposited by either the Clerk-Treasurer or Deputy Clerk-Treasurer. There was no documented oversight, review, or approval process over the receipting, depositing, and posting of receipts.

Financial Close and Reporting

The Clerk-Treasurer prepared and submitted the financial information into the Indiana Gateway for Government Units financial reporting system, which is the source of the Annual Financial Report (AFR) and financial statement. There were no internal controls in place, such as an oversight, review, or approval process to ensure the accuracy of the AFR prior to 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.

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

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. . . ."

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

Condition and Context

Disbursements made from the Motor Vehicle Highway (Restricted) fund were not in compliance with the purposes specified in Indiana Code 8-14-1-5(c). The disbursements made were for maintenance and repairs and winter operations which were not appropriate uses of this funding.

Criteria

Indiana Code 8-14-1-5(c) states: "For funds distributed to a city or town from the motor vehicle highway account, the city or town shall use at least 50% of the money for construction, reconstruction and preservation of the unit's highways."

Units are required to comply with all grant agreements, 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 ROSEDALE
EXIT CONFERENCE

The contents of this report were discussed on April 19, 2023, with Natalie J. Montgomery, Clerk-Treasurer; Carol Brown, Town Council member; Rebecca Bailey, Town Council member; and Barbara Leitgabel, Town Council member.