

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF CLOVERDALE

PUTNAM COUNTY, INDIANA

January 1, 2019 to December 31, 2022



**FILED**  
06/09/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Cheryl Galloway (Vacant) Kelly A. Maners	01-01-19 to 05-11-20 05-12-20 to 06-09-20 06-10-20 to 12-31-23
President of the Town Council	Larry Fidler Rick Dearwester Brandon Tancak	01-01-19 to 12-31-20 01-01-21 to 12-31-22 01-01-23 to 12-31-23



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF CLOVERDALE, PUTNAM COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Cloverdale (Town), for the period from January 1, 2019 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/](http://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, CPA, CFE  
Deputy State Examiner

May 11, 2023

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CLERK-TREASURER  
TOWN OF CLOVERDALE

CLERK-TREASURER  
TOWN OF CLOVERDALE  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS**

*Condition and Context*

There were deficiencies in the internal control system of the Town related to receipts.

The Town had implemented a proper segregation of duties related to receipts; however, there was no evidence of the internal control being performed.

*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. . . ."

**MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND**

*Condition and Context*

The Town did not allocate 50 percent of the distributions received from the state MVH Account to the MVH - Restricted fund for 1 of 48 state distributions. Therefore, it was not possible to determine if the Town used at least 50 percent of the state distributions for purposes specified in Indiana Code 8-14-1-5(c).

*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. (State Examiner Directive 2018-2)

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 fifty percent (50%) of the money for the construction, reconstruction, and preservation of the city's or town's highways."

CLERK-TREASURER  
TOWN OF CLOVERDALE  
EXIT CONFERENCE

The contents of this report were discussed on May 11, 2023, with Kelly A. Maners, Clerk-Treasurer; Brandon Tancak, President of the Town Council; and Rebekah Kelly, Deputy Clerk-Treasurer.