

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF TRAFALGAR

JOHNSON COUNTY, INDIANA

January 1, 2019 to December 31, 2020



FILED
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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Donna Moore	01-01-19 to 12-31-22
President of the Town Council	Jason Ramey Jeff Eisenmenger Jessica Jones	01-01-19 to 12-31-19 01-01-20 to 12-31-20 01-01-21 to 12-31-22
Superintendent of Utilities	Lee Rodgers	01-01-19 to 12-31-22
Utility Office Manager	Wendy Blackwell Brandy Simpson Judy Lasiter	01-01-19 to 12-31-19 01-01-20 to 12-12-21 12-13-21 to 12-31-22



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF TRAFALGAR, JOHNSON COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Trafalgar (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.

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

Beth Kelley, CPA, CFE
Deputy State Examiner

March 21, 2022

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CLERK-TREASURER
TOWN OF TRAFALGAR

CLERK-TREASURER
TOWN OF TRAFALGAR
AUDIT RESULTS AND COMMENTS

CAPITAL ASSETS

A similar comment appeared in a Management Letter addressed to the Officials of the Town for the audit period ending December 31, 2018.

Condition and Context

A detailed list of capital assets for the Town was maintained but was not complete. The capital asset list was missing dates of purchase and items were not categorized by type. Since the date of purchase was missing, we could not determine if assets were properly added during the audit period.

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)

INTERNAL CONTROLS

Condition and Context

There were deficiencies in the internal control system of the Town related to financial transactions and reporting. The Town had not separated incompatible activities related to receipts and financial close and reporting.

Receipts

The Utility Clerk collected cash payments for the Town and utilities, prepared deposits, and deposited cash to the bank daily. The Utility Clerk prepared a daily deposit log that was given to the Clerk-Treasurer to post to the ledger. There was no indication of an oversight, review, or approval process to ensure the completeness of the deposits or accuracy of the log provided to the Clerk-Treasurer.

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

Financial Close and Reporting

The Town did not have a proper system of internal control in place to prevent, or detect and correct, errors in the Annual Financial Report entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the financial statement. The Clerk-Treasurer entered the financial information into Gateway. There was no evidence of an oversight, review, or approval process to ensure its accuracy.

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. . . ."

CLERK-TREASURER
TOWN OF TRAFALGAR
EXIT CONFERENCE

The contents of this report were discussed on March 21, 2022, with Donna Moore, Clerk-Treasurer; Jessica Jones, President of Town Council; and Jerry Rafferty, Town Council member.