

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

**Paul D. Joyce, CPA
State Examiner**

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF WEST TERRE HAUTE

VIGO COUNTY, INDIANA

January 1, 2021 to December 31, 2022



FILED

01/14/2026

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lisa Marie McCalister Chuck Stranahan (interim) Kevin Beaver	01-01-21 to 10-17-24 10-18-24 to 11-14-25 11-15-24 to 12-31-25
President of the Town Council	Chuck Stranahan Shane Smith Chuck Stranahan Shane Smith (Vacant) Jody Roach (interim)	01-01-21 to 12-31-21 01-01-22 to 12-31-22 01-01-23 to 12-31-24 01-01-25 to 10-24-25 10-25-25 to 11-09-25 11-10-25 to 12-31-25



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE TOWN OF WEST TERRE HAUTE, VIGO COUNTY, INDIANA

This report is supplemental to the audit report of the Town of West Terre Haute (Town), for the period from January 1, 2021 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 the 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.

Beth Kelley, CPA, CFE
Deputy State Examiner

December 17, 2025



CLERK-TREASURER
TOWN OF WEST TERRE HAUTE

CLERK-TREASURER
TOWN OF WEST TERRE HAUTE
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER PAYROLL

Condition and Context

There were significant deficiencies in the internal control system of the Town related to payroll, and the Town had not separated incompatible activities related to payroll.

The Town used a time clock system to track each employee's time worked. At the end of every pay period, the Chief Deputy Clerk-Treasurer ran a report from the time clock system that showed each employee's time and then created a time sheet for each employee. The Chief Deputy Clerk-Treasurer used the time sheets to upload payroll activity to the Town's accounting system for payroll to be processed. Our review found that time sheets were not properly signed by each employee, or reviewed by a supervisor, before being entered into the Town's accounting system. Duties were not segregated to ensure payroll information entered into the Town's accounting system was accurate.

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. . . ."

INTERNAL CONTROLS OVER VENDOR DISBURSEMENTS

Condition and Context

There were deficiencies in internal controls related to vendor disbursements. The Town did not have internal controls in place to detect whether Accounts Payable Vouchers (APVs) were missing on the APV register presented to the Town Council. The absence of this internal control allowed the Town to issue checks/warrants before APVs were certified by the Clerk-Treasurer and approved by the Town Council. In our sample, there were 86 instances of payment prior to Town Council approval and 35 transactions that were not included in the APV register.

CLERK-TREASURER
TOWN OF WEST TERRE HAUTE
AUDIT RESULTS AND COMMENTS
(Continued)

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. . . ."

Indiana Code 5-11-10-1.6 states in part:

" . . . (c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim.

This subsection does not prohibit a school corporation, with prior approval of the board having jurisdiction over allowance of payment of the claim, from making payment in advance of receipt of services as allowed by guidelines developed under [IC 20-20-13-10](#). This subsection does not prohibit a municipality from making meal expense advances to a municipal employee who will be traveling on official municipal business if the municipal fiscal body has adopted an ordinance allowing the advance payment, specifying the maximum amount that may be paid in advance, specifying the required invoices and other documentation that must be submitted by the municipal employee, and providing for reimbursement from the wages of the municipal employee if the municipal employee does not submit the required invoices and documentation.

(d) The fiscal officer of a governmental entity shall issue checks or warrants for claims by the governmental entity that meet all of the requirements of this section. The fiscal officer does not incur personal liability for disbursements:

CLERK-TREASURER
TOWN OF WEST TERRE HAUTE
AUDIT RESULTS AND COMMENTS
(Continued)

(1) processed in accordance with this section; and

(2) for which funds are appropriated and available.

(e) The certification provided for in subsection (c)(4) must be on a form prescribed by the state board of accounts."

INTERNAL CONTROLS - COMPLIANCE

Condition and Context

Internal control deficiencies resulted in noncompliance with laws, regulations, and Guidelines over the following areas as described in the comment below:

- Annual Financial Report - Accounts Payable and Receivable Schedule
- Annual Financial Report - Lease and Debt Schedule
- Annual Financial Report - Capital Asset Schedule
- Appropriations - Overspent
- Capital Assets - Inventory
- Collections - Amounts Due
- Collections - Sales Tax
- Deposits - Not Recorded Timely
- Failure to Report Misappropriation of Funds
- Fund Sources and Uses - Recorded in Inappropriate Fund
- Ordinances
- Policies - Credit Cards
- Policies - Electronic Payments
- Subsidiary Ledger - Customer Deposits Register

CLERK-TREASURER
TOWN OF WEST TERRE HAUTE
AUDIT RESULTS AND COMMENTS
(Continued)

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. . . ."

ANNUAL FINANCIAL REPORT - ACCOUNTS PAYABLE AND RECEIVABLE SCHEDULE

Condition and Context

The Town was unable to provide supporting documentation to support the Schedule of Payables and Receivables included in the Annual Financial Report reported in the Indiana Gateway for Government Units financial reporting system; therefore, we were unable to determine if the schedule was accurate.

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](#)."

ANNUAL FINANCIAL REPORT - LEASE AND DEBT SCHEDULE

Condition and Context

The Town was unable to provide supporting documentation to support the Schedule of Leases and Debt included in the Annual Financial Report reported in the Indiana Gateway for Government Units financial reporting system; therefore, we were unable to determine if this schedule was accurate.

CLERK-TREASURER
TOWN OF WEST TERRE HAUTE
AUDIT RESULTS AND COMMENTS
(Continued)

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](#)."

ANNUAL FINANCIAL REPORT - CAPITAL ASSET SCHEDULE

Condition and Context

The Town was able to provide supporting documentation for the Schedule of Capital Assets included in the Annual Financial Report (AFR) reported in the Indiana Gateway for Government Units (Gateway) financial reporting system; however, there was a material difference between the supporting documentation provided by the Town and the schedule reported on the AFR in Gateway.

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](#)."

Every unit must have a complete detailed listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. . . . (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

APPROPRIATIONS - OVERSPENT

Condition and Context

The records presented indicated the following disbursements in excess of budgeted appropriations:

Year	Fund	Excess Amount Expended
2021	General Fund	\$ 141,220
2021	LRS	7,685
2022	General Fund	32,631
2022	CCI	1,257

CLERK-TREASURER
TOWN OF WEST TERRE HAUTE
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

Indiana Code 36-5-4-2 states in part: "Unless a statute provides otherwise, town monies may be disbursed only after an appropriation made by ordinance of the town legislative body. . . ."

CAPITAL ASSETS - INVENTORY

A similar comment appeared in prior Report B58863, entitled **CAPITAL ASSETS**.

Condition and Context

The Town did not perform a physical inventory of capital assets.

Criteria

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)

COLLECTIONS - AMOUNTS DUE

Condition and Context

The Town has not collected or attempted to collect past due utility customer account balances. As of December 31, 2022, three customer accounts had past due balances exceeding \$1,000. Additionally, one customer moved and closed their account, but the account is still showing a past due balance.

Criteria

Units have a responsibility to collect amounts owed to the unit pursuant to procedures authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

COLLECTIONS - SALES TAX

Condition and Context

The Town did not properly charge sales tax or maintain supporting documentation showing sales tax exemptions.

Criteria

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 WEST TERRE HAUTE
AUDIT RESULTS AND COMMENTS
(Continued)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

DEPOSITS - NOT RECORDED TIMELY

Condition and Context

The Town billed customers for water, wastewater, stormwater, and sanitation/trash services. All receipts for these services were deposited into the Water Works Operating fund and bank account. The disbursement of funds from the Water Works Operating fund to the Sewer Operating, Storm Water Operating, and Trash Utility funds were not made in a timely manner.

Criteria

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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)

FAILURE TO REPORT MISAPPROPRIATION OF FUNDS

Condition and Context

The Town became aware that a former employee misappropriated public funds by charging personal expenses on the Town's gas card. While the Town performed its own investigation and recouped the money on October 29, 2021, which amounted to \$736, the Town failed to immediately notify the Indiana State Board of Accounts regarding the misappropriation of funds in writing.

Criteria

Indiana Code 5-11-1-27(l) states:

"A public officer who has actual knowledge of or reasonable cause to believe that there has been a misappropriation of public funds or assets of the public office, including:

- (1) information obtained as a result of a police report;
- (2) an internal audit finding; or
- (3) another source indicating that a misappropriation has occurred;

shall immediately send written notice of the misappropriation to the state board of accounts and the prosecuting attorney serving in the area governed by the political subdivision."

CLERK-TREASURER
TOWN OF WEST TERRE HAUTE
AUDIT RESULTS AND COMMENTS
(Continued)

FUND SOURCES AND USES - RECORDED IN INAPPROPRIATE FUND

Condition and Context

The Town billed customers for water, wastewater, stormwater, and sanitation/trash services. All receipts for these services were deposited into the Water Works Operating fund and bank account. The money collected for wastewater, stormwater, and sanitation/trash services should not be recorded in the Water Works Operating fund. Instead, customer payments should be recorded in the operating fund of the utility providing the service.

Criteria

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

ORDINANCES

Condition and Context

The Town did not charge the correct rate referenced in the ordinances approved by the Town Council. In 2019, the Town Council passed an ordinance to increase the water rate in two phases, where the first phase was to be implemented in 2019 and the second phase to be implemented in 2020. The Town never implemented the second phase. In 2022, an ordinance was passed making an adjustment to the second phase rate by removing the Utility Receipts Tax fee, which was repealed by the State, effective after June 30, 2022.

The Town ordinances in effect during the audit period for water and wastewater required a rate charge per 1,000 gallons of usage; however, the Town charged customers a lower rate based on increments of 100 gallons used.

Additionally, the Town charged a 10 percent penalty to customers for late payments made on water bills. The water ordinance contained a penalty provision for late payment but did not specify a penalty rate or amount to be charged to customers for late payments.

Criteria

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)

POLICIES - CREDIT CARDS

Condition and Context

The Town made purchases on a credit card in the Town's name without a written credit card policy approved by the Town Council.

CLERK-TREASURER
TOWN OF WEST TERRE HAUTE
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

The SBOA will not take exception to the use of credit cards by a unit provided the following criteria are observed:

1. The governing body must authorize credit card use through an ordinance/resolution, which has been approved in a meeting and documented in the minutes.
2. Issuance and use must be handled by an official or employee designated by the governing body.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance/resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the responsible person.
5. The designated responsible official or employee must maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned.
6. Credit cards must not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing body and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment cannot be made on the basis of a statement or a credit card slip only. Procedures for payments must be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee may be the personal obligation of the responsible officer or employee.
8. If authorized, an annual fee may be paid. . . .

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

POLICIES - ELECTRONIC PAYMENTS

Condition and Context

Automatic payments for the Town's credit card were made from the Town's bank account without going through the normal claims process. A Town Council resolution authorizing the payment of claims by electronic funds transfer was not provided for audit.

CLERK-TREASURER
TOWN OF WEST TERRE HAUTE
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

Indiana Code 36-1-8-11.5 states:

- "(a) As used in this section, 'electronic funds transfer' means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, that is initiated through an electronic terminal, telephone, or computer or magnetic tape for the purpose of ordering, instructing, or authorizing a financial institution to debit or credit an account.
- (b) The fiscal body of a political subdivision or the board of a municipally owned utility may adopt a resolution to authorize an electronic funds transfer method of payment of claims. If a proper body adopts a resolution under this subsection, the political subdivision or municipally owned utility may pay money from its funds by electronic funds transfer.
- (c) A political subdivision or municipally owned utility that pays a claim by electronic funds transfer shall comply with all other requirements for the payment of claims by political subdivisions or municipal utilities."

SUBSIDIARY LEDGER - CUSTOMER DEPOSIT REGISTER

A similar comment also appeared in a Management Letter addressed to the Clerk-Treasurer and the Town Council for the audit period December 31, 2017, 2018, and 2019, and prior Report B58863, entitled **CONDITION OF RECORDS - CUSTOMER DEPOSITS**.

Condition and Context

The Town did not properly maintain complete subsidiary ledgers for wastewater and water customer deposits; therefore, we could not verify if receipts recorded on the Town's ledger for wastewater and water customer deposits were accurate.

The Town previously maintained paper records for customer deposits but later switched to an electronic system. The Town did not transfer all the information from previous paper records into the electronic system. There were 12 wastewater and 9 water customer accounts showing no customer deposits on file. Customer accounts are required to include specific deposit amounts in accordance with the Town Council's approved water and wastewater ordinances.

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)

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)

CLERK-TREASURER
TOWN OF WEST TERRE HAUTE
EXIT CONFERENCE

The contents of this report were discussed on December 17, 2025, with Kevin Beaver, Clerk-Treasurer; Jody Roach, interim President of the Town Council; and Jared Modesitt, Town Attorney.

TOWN COUNCIL
TOWN OF WEST TERRE HAUTE

TOWN COUNCIL
TOWN OF WEST TERRE HAUTE
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS - COMPLIANCE

Condition and Context

Internal control deficiencies resulted in noncompliance with laws, regulations, and Guidelines over the following areas, as described in the comments below:

- Appropriations - Overspent
- Policies - Delinquent Customer Accounts
- Policies - Capital Assets
- Policies - Credit Cards
- Policies - Electronic Payments
- Policies - Leave and Overtime

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:

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An integral part of the control activity component is segregation of duties. . . .

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APPROPRIATIONS - OVERSPENT

Condition and Context

The records presented indicated the following disbursements in excess of budgeted appropriations:

**TOWN COUNCIL
TOWN OF WEST TERRE HAUTE
AUDIT RESULTS AND COMMENTS
(Continued)**

Year	Fund	Excess Amount Expended
2021	General Fund	\$ 141,220
2021	LRS	7,685
2022	General Fund	32,631
2022	CCI	1,257

Criteria

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

POLICIES - DELINQUENT CUSTOMER ACCOUNTS

Condition and Context

The Town did not pursue collection of delinquent utility customer account balances or determine whether past due account balances should be written off as uncollectible. A policy concerning a procedure for writing off bad debts or uncollectible accounts receivable was not provided for audit.

Criteria

Units have a responsibility to collect amounts owed to the unit pursuant to procedures authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

The governing body of a unit must have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balance. Documentation must exist for all efforts made by the unit to collect amounts owed prior to any write-offs. Write-offs or adjustments to records which are not documented or warranted may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

POLICIES - CAPITAL ASSETS

A similar comment appeared in prior Report B58863, entitled **CAPITAL ASSETS**.

Condition and Context

The Town had not adopted a capital asset policy that detailed the threshold at which an item is considered a capital asset.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TOWN COUNCIL
TOWN OF WEST TERRE HAUTE
AUDIT RESULTS AND COMMENTS
(Continued)

POLICIES - CREDIT CARDS

Condition and Context

A Town credit card was utilized for purchases. No resolution or ordinance was provided for audit to authorize the use of a Town credit card.

Criteria

The SBOA will not take exception to the use of credit cards by a unit provided the following criteria are observed:

1. The governing body must authorize credit card use through an ordinance/resolution, which has been approved in a meeting and documented in the minutes.
2. Issuance and use must be handled by an official or employee designated by the governing body.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance/resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the responsible person.
5. The designated responsible official or employee must maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned.
6. Credit cards must not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing body and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment cannot be made on the basis of a statement or a credit card slip only. Procedures for payments must be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee may be the personal obligation of the responsible officer or employee.
8. If authorized, an annual fee may be paid. . . .

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

POLICIES - ELECTRONIC PAYMENTS

Condition and Context

Automatic payments for the Town's credit card were made from the Town's bank account without going through the normal claims process. A Town Council resolution authorizing the payment of claims by electronic funds transfer was not provided for audit.

TOWN COUNCIL
TOWN OF WEST TERRE HAUTE
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

Indiana Code 36-1-8-11.5 states:

- "(a) As used in this section, 'electronic funds transfer' means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, that is initiated through an electronic terminal, telephone, or computer or magnetic tape for the purpose of ordering, instructing, or authorizing a financial institution to debit or credit an account.
- (b) The fiscal body of a political subdivision or the board of a municipally owned utility may adopt a resolution to authorize an electronic funds transfer method of payment of claims. If a proper body adopts a resolution under this subsection, the political subdivision or municipally owned utility may pay money from its funds by electronic funds transfer.
- (c) A political subdivision or municipally owned utility that pays a claim by electronic funds transfer shall comply with all other requirements for the payment of claims by political subdivisions or municipal utilities."

POLICIES - LEAVE AND OVERTIME

Condition and Context

The Town's policies for compensation, vacation, sick, personal, and other time used or earned were documented in the employee handbook. The employee handbook also contained an overtime policy to show how overtime is to be treated and calculated. The Town had multiple versions of the employee handbook, and no version was signed or approved by the Town Council. As such, we were unable to determine if employees received the appropriate amount of leave and were paid for the appropriate compensatory, vacation, sick, personal, and other leave time used or earned. We also were unable to determine if employees were properly paid for overtime.

Criteria

Each unit must adopt a written policy regarding the accrual and use of leave time, as well as the payment of overtime. Negotiated labor contracts approved by the governing board would be considered written policy. The policy must conform to the requirements of all state and federal regulatory agencies. Time records must be maintained to support leave balances (including compensatory time) and any payout of time earned. (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. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TOWN COUNCIL
TOWN OF WEST TERRE HAUTE
EXIT CONFERENCE

The contents of this report were discussed on December 17, 2025, with Kevin Beaver, Clerk-Treasurer; Jody Roach, interim President of the Town Council; and Jared Modesitt, Town Attorney.