

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF WEST LAFAYETTE

TIPPECANOE COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
12/07/2016

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Federal Finding:	
Finding 2014-001 - Major Customer Wastewater Billings.....	6
Corrective Action Plan	7
Exit Conference	8

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Judith C. Rhodes	01-01-12 to 12-31-15
City Controller	Peter L. Gray	01-01-16 to 12-31-16
Mayor	John R. Dennis	01-01-12 to 12-31-19
President of the Board of Public Works and Safety	John R. Dennis Sana G. Booker	01-01-12 to 12-31-15 01-01-16 to 12-31-16
President of the Common Council	Ann H. Hunt Peter Bunder	01-01-14 to 12-31-14 01-01-15 to 12-31-16
Wastewater Utility Director	David Henderson	01-01-14 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE CITY OF WEST LAFAYETTE, TIPPECANOE COUNTY, INDIANA

This report is supplemental to our audit report of the City of West Lafayette (City), for the period from January 1, 2014 to December 31, 2014. It has been provided as a separate report so that the reader may easily identify any Federal Findings that pertain to the City. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the City, which provides our opinions on the City's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Finding, identified in the above referenced audit report, is included in this report.

Any Corrective Action Plan for the Federal Finding, incorporated within this report, was not verified for accuracy.

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

October 20, 2016

(This page intentionally left blank.)

CLERK-TREASURER
CITY OF WEST LAFAYETTE

CLERK-TREASURER
CITY OF WEST LAFAYETTE
FEDERAL FINDING

FINDING 2014-001 - MAJOR CUSTOMER WASTEWATER BILLINGS

Condition

There was a deficiency in the internal control system related to the billing procedures for the Wastewater Utility's major customer (Purdue University) that is considered a material weakness. Purdue University, which provided approximately 38 percent of the Wastewater Utility's receipts for 2014, read their own water meters and calculated their own wastewater bill (based on water consumption) for each of their water meters. They calculated and presented their total wastewater bill, along with their payment, to the Wastewater Utility each month. The Wastewater Utility did not implement internal control procedures to ensure that the meter readings or the calculation of Purdue University's bill were accurate.

Criteria

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Cause

The Wastewater Utility did not establish a system of internal control for the receipts from Purdue University to ensure the accuracy of the meter readings or the accuracy of the calculated billing.

Effect

Without a proper system of internal control in place that operated effectively, material errors in receipts from inaccurate billings could have remained undetected.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.



Finance Department
Peter L. Gray, City Controller
711 West Navajo Street
West Lafayette, Indiana 47906
765.775.5150
Controller@WestLafayette.in.gov

20 October 2016

CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action: David S. Henderson, Utility Director
Contact Phone Number: (765) 775-5145

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

Officials from West Lafayette and Purdue University will meet to determine the appropriate procedure to verify meter reading accuracy. It will cover verifying 100% of the meters over the course of the next 12 months. This procedure will be reviewed, at least, on an annual basis to incorporate any changes in the billing or meter reading structure.

Anticipated Completion Date:

First group of meters to be verified by 11/30/2016.

Respectfully submitted by,



Peter L Gray, City Controller

CLERK-TREASURER
CITY OF WEST LAFAYETTE
EXIT CONFERENCE

The contents of this report were discussed on October 20, 2016, with John R. Dennis, Mayor; Peter L. Gray, City Controller; and Sana G. Booker, President of the Board of Public Works and Safety.