

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF GRANDVIEW

SPENCER COUNTY, INDIANA

January 1, 2013 to December 31, 2016



**FILED**

09/08/2017



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Claudia Stuteville Donna Burrows	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President of the Town Council	Wanda Rust Jennie Weatherholt	01-01-13 to 12-31-15 01-01-16 to 12-31-17
Superintendent of Utilities	Keith Nix	01-01-13 to 12-31-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF GRANDVIEW, SPENCER COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Grandview (Town), for the period from January 1, 2013 to December 31, 2016. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statements Examination Report of the Town, which provides our opinion 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 Examination 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 Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

July 12, 2017

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TOWN COUNCIL  
TOWN OF GRANDVIEW

TOWN COUNCIL  
TOWN OF GRANDVIEW  
EXAMINATION RESULTS AND COMMENTS

***INTERNAL CONTROLS OVER UTILITY BILLINGS***

There were deficiencies in the internal control system related to utility billings. The Clerk-Treasurer performed all billing procedures with no oversight or review to verify the billings were completed accurately. The Gas Utility rate charged to customers was to be a combination of the base rate, set by Ordinance 2001-09-19 and a Gas Cost Adjustment (GCA) factor that is either added or subtracted to the base rate to reflect the actual cost of gas. The GCA changed quarterly. The GCA factor was omitted from the utility billings for the period of January 2013 through May 2016. The current Clerk-Treasurer detected the error and the GCA factor was applied beginning with the June 2016 utility billings.

The cash and investment balance of the Gas Utility decreased from \$144,833 on January 1, 2013, to \$48,425 on May 31, 2016. The amount of lost revenue due to the omission of the GCA factor was not able to be determined. On June 2, 2016, the Town Council approved a Gas Utility rate increase that increased the minimum Gas bill by 33.5 percent effective with the July 2016 billing.

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. . . ."

Each governmental 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)

TOWN COUNCIL  
TOWN OF GRANDVIEW  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

***INTERNAL CONTROLS OVER YEAR-END LEDGER CLOSING AND FINANCIAL REPORTING***

Internal controls over the closing of the financial accounting period and reporting of the financial activity for the period were insufficient because the Town did not have sufficient segregation of duties. The Clerk-Treasurer performed all duties regarding the closing of the financial ledgers for the accounting period and related financial reporting. There were no controls in place to provide for a review of the financial information to ensure the information was accurate.

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TOWN COUNCIL  
TOWN OF GRANDVIEW  
EXIT CONFERENCE

The contents of this report were discussed on July 12, 2017, with Donna Burrows, Clerk-Treasurer; George A. Schwoeppe II, Vice President of the Town Council; Angie M. Fischer, Town Council member; and Claudia Stuteville, former Clerk-Treasurer.