

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF LEWISVILLE

HENRY COUNTY, INDIANA

January 1, 2015 to December 31, 2018



**FILED**  
12/12/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Catherine Sue Saunders Larry M. Smith	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President of the Town Council	Richard Craig	01-01-15 to 12-31-19



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF LEWISVILLE, HENRY COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Lewisville (Town), for the period from January 1, 2015 to December 31, 2018. 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 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 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.

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

November 26, 2019

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CLERK-TREASURER  
TOWN OF LEWISVILLE

CLERK-TREASURER  
TOWN OF LEWISVILLE  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

*Condition and Context*

There were deficiencies in the internal control system of the Town related to financial transactions and reporting.

Lack of Segregation of Duties: The Town had not separated incompatible activities related to cash, receipts, and financial close and reporting. The Clerk-Treasurer was primarily responsible for collecting and recording the Town and Town utility receipts, completing the bank reconciliation, and preparing and submitting the Annual Financial Report financial information into the Indiana Gateway for Government Units financial reporting system. There was no documented control in place related to financial transactions and reporting, such as an oversight, review, or approval process.

*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. . . ."

**ORDINANCES AND RESOLUTIONS**

*Condition and Context*

The Town adopted a rate ordinance on December 11, 2014, which prescribed an electric rate increase at the beginning of 2015 and 2016. There were customer accounts that were billed less than the rate ordinance, due to the second rate increase not being implemented, for 14 of 18 customers.

*Criteria*

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Town, Chapter 1)

CLERK-TREASURER  
TOWN OF LEWISVILLE  
EXIT CONFERENCE

The contents of this report were discussed on November 26, 2019, with Larry M. Smith, Clerk-Treasurer; Catherine Sue Saunders, former Clerk-Treasurer; Richard Craig, President of the Town Council; Justin Thompson, Vice President of the Town Council; and Patrick Saunders, Town Council member.