

**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, 2017 to December 31, 2018



**FILED**  
04/08/2020



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Donna Burrows	01-01-16 to 12-31-23
President of the Town Council	Jennie Weatherholt Doug Risse	01-01-17 to 12-31-19 01-01-20 to 12-31-20
Superintendent of Utilities	Keith Nix	01-01-17 to 12-31-20



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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TO: THE OFFICIALS OF THE TOWN OF GRANDVIEW, SPENCER COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Grandview (Town), for the period from January 1, 2017 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 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/](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

March 17, 2020

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CLERK-TREASURER  
TOWN OF GRANDVIEW

CLERK-TREASURER  
TOWN OF GRANDVIEW  
AUDIT RESULT AND COMMENT

**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 established an effective internal control system that had separated incompatible activities related to receipts, vendor disbursements, and payroll disbursements.

*Receipts*

The Clerk-Treasurer received payments, prepared and made deposits, applied payments to customer accounts, made adjustments, and posted to the ledger. There were no controls in place, such as an oversight, review, or approval process, to ensure the accuracy of the receipts.

*Vendor Disbursements*

The Clerk-Treasurer received all invoices and generated an Accounts Payable Voucher for each invoice. The Town had developed a control requiring each Accounts Payable Voucher along with the Accounts Payable Register be signed by the Town Council; however, each Accounts Payable Voucher was not signed. Therefore, the Town had not properly implemented the control.

*Payroll Disbursements*

The Clerk-Treasurer was responsible for preparing, processing, and recording payroll transactions without any additional review or oversight procedures in place to ensure that each employee was paid properly.

CLERK-TREASURER  
TOWN OF GRANDVIEW  
AUDIT RESULT AND COMMENT  
(Continued)

According to the Town's internal control procedures over payroll: "The Town Council serves as the supervisor over the employees unless under the supervision of the Clerk-Treasurer." However, the Town had not properly implemented the control. Several instances were noted in which the part-time Deputy Clerk-Treasurer's employee attendance reports were not approved by the Clerk-Treasurer, nor were any of the employee attendance reports for the Town Manager/Superintendent of Utilities and Grounds approved by the Town Council during the audit period.

*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 GRANDVIEW  
EXIT CONFERENCE

The contents of this report were discussed on March 17, 2020, with Donna Burrows, Clerk-Treasurer; Doug Risse, President of the Town Council; Jordan Sheets, Town Council member; and Angie Fischer, Town Council member.

TOWN COUNCIL  
TOWN OF GRANDVIEW

TOWN COUNCIL  
TOWN OF GRANDVIEW  
AUDIT RESULTS AND COMMENTS

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

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**INTERLOCAL AGREEMENT**

*Condition and Context*

On February 9, 2018, the Indiana Department of Local Government Finance approved a certified budget in the amount of \$15,000 for a Cumulative Fire Fund for Hammond Township. On March 8, 2018, the Town and Hammond Township entered into an agreement for firefighting services. The agreement stated that "(Hammond Township) agrees to hold the established Cumulative Fire Fund monies until such a time as it is requested by the (Town) for the purchase of firefighting equipment. At such a time as request is made, both (Town) and (Hammond Township) will meet and agree on said purchase." On October 25, 2018, the Town received a loan in the amount of \$125,075. The purpose of the loan was to purchase a quick response rescue truck, which would be paid from the Cumulative Fire Fund monies held by Hammond Township. However, an interlocal agreement regarding the purchase of a quick response rescue truck was not entered into in accordance with state statute.

Indiana Code 36-1-7-2 states:

"(a) A power that may be exercised by an Indiana political subdivision and by one (1) or more other governmental entities may be exercised:

- (1) by one (1) or more entities on behalf of others; or
- (2) jointly by the entities.

Entities that want to do this must, by ordinance or resolution, enter into a written agreement under section 3 or 9 of this chapter.

(b) Notwithstanding subsection (a), Indiana governmental entities that want only to buy, sell, or exchange services, supplies, or equipment between or among themselves may enter into contracts to do this and follow section 12 of this chapter."

TOWN COUNCIL  
TOWN OF GRANDVIEW  
EXIT CONFERENCE

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