

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, 2019 to December 31, 2019



FILED
05/26/2020

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SCHEDULE OF OFFICIALS

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



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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302 WEST WASHINGTON STREET
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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, 2019 to December 31, 2019. 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/.

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

May 20, 2020

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CLERK-TREASURER
TOWN OF GRANDVIEW

CLERK-TREASURER
TOWN OF GRANDVIEW
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

The same comment also appeared in prior Report B54854.

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.

According to the Town's internal control procedures over payroll: "The Town Council services as the supervisor over the employees unless under the supervision of the Clerk-Treasurer." Employee attendance reports for the Town Manager/Superintendent of Utilities and Grounds were not 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. . . .

CLERK-TREASURER
TOWN OF GRANDVIEW
AUDIT RESULTS AND COMMENTS
(Continued)

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. . . ."

BANK ACCOUNT RECONCILIATIONS

Condition and Context

The Clerk-Treasurer prepared monthly bank reconciliations that were reviewed and approved by the Town Council each month. The approved bank reconciliations presented for audit at December 31, 2019, did not include certificates of deposits of \$263,808. While there were segregation of duties in place, the control activities were not sufficient to detect the omission of investments within the monthly bank reconciliations.

Criteria

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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ERRORS ON CLAIMS

This same comment appeared in a Management Letter addressed to the Clerk-Treasurer and Town Council for the audit period ending December 31, 2018.

Condition and Context

Out of 27 vendor disbursements tested, 13 disbursements contained invoices that were adequately itemized for goods and services received by the Town; however, they were not approved by the officer or person receiving the goods and services.

CLERK-TREASURER
TOWN OF GRANDVIEW
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

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

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(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. . . ."

CLERK-TREASURER
TOWN OF GRANDVIEW
EXIT CONFERENCE

The contents of this report were discussed on May 20, 2020, with Donna Burrows, Clerk-Treasurer; Jordan Sheets, Vice President of the Town Council; and Angie Fischer, Town Council member.

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TOWN COUNCIL
TOWN OF GRANDVIEW

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AUDIT RESULTS AND COMMENTS

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TOWN OF GRANDVIEW
AUDIT RESULTS AND COMMENTS
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