

**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, 2019 to December 31, 2020



**FILED**  
12/03/2021



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Larry M. Smith	01-01-19 to 12-31-19
	Jayana Posey	01-01-20 to 12-31-21
President of the Town Council	Richard Craig	01-01-19 to 12-31-19
	Justin Thompson	01-01-20 to 09-09-20
	Monica Altman	09-10-20 to 12-31-20
	Catherine Sue Saunders	01-01-21 to 08-31-21
	(Vacant)	09-01-21 to 10-20-21
	John Newhouse	10-21-21 to 12-31-21



**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, 2019 to December 31, 2020. 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

November 22, 2021

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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**

The same comment also appeared in prior Report B54015.

*Condition and Context*

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

The Town had not separated incompatible activities related to receipts, disbursements, and financial close and reporting. The Clerk-Treasurer was primarily responsible for collecting and recording Town and Town Utility receipts, preparing and disbursing funds for the Town and Town Utilities, and preparing and submitting the Annual Financial Report financial information in the Indiana Gateway for Government Units financial reporting system. There were no documented internal controls in place, 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. . . ."

**SUPPORTING DOCUMENTATION - CREDIT CARD DISBURSEMENTS**

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

*Condition and Context*

Five of six credit card disbursements selected for testing included purchases without adequate supporting invoices or itemized receipts. Disbursements that were paid based only on the credit card statements, without supporting documentation, totaled \$2,694.

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

*Criteria*

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

The SBOA will not take exception to the use of credit cards by a unit provided the following criteria are observed:

1. The governing body must authorize credit card use through an ordinance /resolution, which has been approved in a meeting and documented in the minutes.
2. Issuance and use must be handled by an official or employee designated by the governing body.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance/resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the responsible person.
5. The designated responsible official or employee must maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned.
6. Credit cards must not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing body and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment cannot be made on the basis of a statement or a credit card slip only. Procedures for payments must be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee may be the personal obligation of the responsible officer or employee.
8. If authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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

***CAPITAL ASSETS***

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

*Condition and Context*

Capital assets records were not updated during the audit period.

*Criteria*

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER  
TOWN OF LEWISVILLE  
EXIT CONFERENCE

The contents of this report were discussed on November 22, 2021, with Jayana Posey, Clerk-Treasurer, and John Newhouse, President of the Town Council.

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TOWN COUNCIL  
TOWN OF LEWISVILLE

TOWN COUNCIL  
TOWN OF LEWISVILLE  
AUDIT RESULT AND COMMENT

**CAPITAL ASSETS**

*Condition and Context*

The Town had not implemented a written policy regarding capital assets; therefore, it was not possible to determine the threshold at which an item is considered a capital asset.

*Criteria*

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TOWN COUNCIL  
TOWN OF LEWISVILLE  
EXIT CONFERENCE

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