

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

SUPPLEMENTAL EXAMINATION REPORT
OF
WESTERN WAYNE REGIONAL SEWER DISTRICT
WAYNE COUNTY, INDIANA
January 1, 2010 to December 31, 2012



FILED
04/29/2013

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DISTRICT OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the Board	Terry Patterson	01-01-10 to 12-31-11
	Waunalea Dungan	01-01-12 to 12-31-13
Treasurer	Waunalea Dungan	01-01-10 to 12-31-11
	Gary Rubendall	01-01-12 to 12-31-13
Superintendent	Darlene A. Druley	01-01-10 to 12-31-13
Office Manager	Carolyn Willis	01-01-10 to 09-26-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE WESTERN WAYNE REGIONAL
SEWER DISTRICT, WAYNE COUNTY, INDIANA

We have examined the records of the Western Wayne Regional Sewer District for the period January 1, 2010 to December 31, 2012, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Examination Results and Comments. The financial transactions of this office are reflected in the report of Western Wayne Regional Sewer District for the period ending December 31, 2012.

STATE BOARD OF ACCOUNTS

March 21, 2013

WESTERN WAYNE REGIONAL SEWER DISTRICT
EXAMINATION RESULTS AND COMMENTS

INTERNAL CONTROLS

We noted the following concerning the controls over the receipting, disbursing, recording, and accounting for the financial activities:

1. Checks were issued from the Operating Fund and Operating depository account for deposit into a "Debit Account" without approval of the governing board. A total of \$11,000 was deposited in the year 2010. The deposited funds were posted as disbursements in the Simplified Cash Journal, and all oversight of the funds was circumvented due to the lack of accountability for the "Debit Account."
2. Items were purchased on behalf of the District with the debit card from the "Debit Account." None of the disbursements were posted to any ledger or approved by the District Board. Documentation was subsequently provided for some of the disbursements classified as District expenses.
3. Carolyn Willis, Office Manager, had sole custody of the debit card and the bank statements.
4. The District Treasurer did not sign checks issued by the District.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

PERSONAL EXPENSES

Carolyn Willis, Office Manager, opened a "Debit Account" at the District's Depository by issuing checks from the operating and system rehab accounts and posting the transfers as disbursements. The Board did not give approval or have knowledge of the "Debit Account." Numerous items were purchased for the District, and documentation substantiating the disbursements was provided after inquiry. A significant number of charges against the account were either undocumented or the personal purchases of Carolyn Willis, Office Manager.

WESTERN WAYNE REGIONAL SEWER DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

The undocumented disbursements totaled \$733.26. We requested that Carolyn Willis, Office Manager, repay the District for these undocumented expenditures. Repayment was received and deposited on March 21, 2013. (See Summary of Charges, page 7)

The personal purchases, excluding those made from Alco, from the "Debit Account" totaled \$1,643.61. We requested that Carolyn Willis, Office Manager, repay the District for these undocumented expenditures. Repayment was received and deposited on March 21, 2013. (See Summary of Charges, page 7)

We noted in the course of the examination that all Alco (vendor) bills were paid from statements with no supporting invoices. The Alco claims were often added to the claims docket after approval by the governing board. Detailed invoices were subsequently obtained from the vendor, and charges for personal items were noted. Personal expenses noted included coffee, soft drinks and snacks, and other miscellaneous items.

The personal disbursements paid to Alco totaled \$422.90. We requested that Carolyn Willis, Office Manager, repay the District \$211.45. Repayment was received from Carolyn Willis and deposited on March 21, 2013. (See Summary of Charges, page 7) We requested that Darlene A. Druley, Superintendent, repay the District \$211.45. Repayment was received from Darlene A. Druley and deposited on February 12, 2013. (See Summary of Charges, page 7)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

WESTERN WAYNE REGIONAL SEWER DISTRICT
WAYNE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 4, 2013, with Waunalea Dungan, President of the Board; Gary Rubendall, Treasurer; and Darlene A. Druley, Superintendent.

The contents of this report were discussed on March 21, 2013, with Carolyn Willis, former Office Manager.

WESTERN WAYNE REGIONAL SEWER DISTRICT
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Carolyn Willis, Office Manager:			
Personal Expenses, pages 4 and 5:			
Debit Account:			
Undocumented Disbursements	\$ 733.26	\$	\$
Repaid by Carolyn Willis, March 21, 2013		733.26	
Personal Expenses	1,643.61		
Repaid by Carolyn Willis, March 21, 2013		1,643.61	
Alco	211.45		
Repaid by Carolyn Willis, March 21, 2013		211.45	
 Darlene A. Druley, Superintendent:			
Personal Expenses, pages 4 and 5:			
Alco	211.45		
Repaid by Darlene A. Druley, February 12, 2013	<u> </u>	<u>211.45</u>	<u>-</u>
 Totals	<u>\$ 2,799.77</u>	<u>\$ 2,799.77</u>	<u>\$ -</u>

This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.