

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BLUE RIVER REGIONAL WATER DISTRICT

CRAWFORD COUNTY, INDIANA

January 1, 2013 to December 31, 2013



**FILED**  
08/29/2014



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Federal Finding: Finding 2013-001 - Internal Controls Over Financial Transactions and Reporting .....	4
Corrective Action Plan.....	5
Exit Conference .....	6

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	David Mauck	01-01-13 to 12-31-14
Office Manager	Lisa Senn	01-01-13 to 12-31-14
Utility Manager	Gary Holloway	01-01-13 to 12-31-14
President of the Board	Eric Satterfield Don Cook	01-01-13 to 12-31-13 01-01-14 to 12-31-14



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE BLUE RIVER REGIONAL  
WATER DISTRICT, CRAWFORD COUNTY, INDIANA

This report is supplemental to our audit report of the Blue River Regional Water District (District), for the period from January 1, 2013 to December 31, 2013. It has been provided as a separate report so that the reader may easily identify any Federal Findings that pertain to the District. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the District, which provides our opinions on the District's financial statement and federal program compliance. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

The Federal Finding, identified in the above referenced audit report, is included in this report.

Any Corrective Action Plan for the Federal Finding, incorporated within this report, was not verified for accuracy.

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

July 9, 2014

BLUE RIVER REGIONAL WATER DISTRICT  
FEDERAL FINDING

***FINDING 2013-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

We noted the following deficiencies in the internal control system of the District related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the District to reduce risks to the achievement of financial reporting objectives. The District has not separated incompatible activities related to receipts and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

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.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

BLUE RIVER REGIONAL WATER DISTRICT  
P O BOX 68  
8569 E STATE ROAD 64  
MILLTOWN, IN 47145  
(812) 633-7862  
FAX 633-7864

**Corrective Action Plan**

Contact Person: Gary Holloway or Lisa Senn

**Section II – Financial Statement Finding**

Finding 2013 -001-INTERNAL CONTROLS OVER FINANCIAL TRANSACTION AND REPORTING

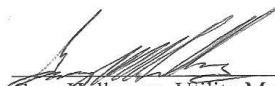
LACK OF SEGREGATION OF DUTIES – The Utility Manager and the Office Manager will review office procedures and attempt to institute duties which involve review of work performed by the Office Manager by the Utility Manager. The District is a small governmental unit and hiring additional office staff to segregate duties is unaffordable for the District. Management acknowledges and assumes the risk inherent with the current set up of their business office. In order to address the issues of the finding the Utility Manager and Office Manager will set up procedures to reduce risk on a monthly basis.

The Utility Manager will now be responsible for the following:

- Balance cash drawer
- Make up the bank deposit
- Check payroll claims
- Approve payroll claims
- Receive and open bank statement

The Utility Manager will present the following to the Board at the monthly meeting  
Monthly bank reconciliation

This will start July 1, 2014.

  
Gary Holloway, Utility Manager

  
Lisa Senn, Office Manager

7-9-14  
Date

BLUE RIVER REGIONAL WATER DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on July 9, 2014, with Don Cook, President of the Board; Lisa Senn, Office Manager; and Gary Holloway, Utility Manager.

A separate exit conference with held on July 9, 2014, by phone, with David Mauck, Treasurer.