

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
CORDRY-SWEETWATER CONSERVANCY DISTRICT
BROWN COUNTY, INDIANA
January 1, 2018 to December 31, 2022



FILED
11/08/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director of Finance	Stacey Wethington	01-01-18 to 08-01-20
	Josh Hawley	08-02-20 to 06-25-21
	(Vacant)	06-26-21 to 07-18-21
	Brian Miller	07-19-21 to 10-01-21
	(Vacant)	10-02-21 to 11-17-21
	Brittany Bay	11-18-21 to 12-31-23
President of the District Board	Jerry Engle	01-01-18 to 01-11-19
	Herb Benshoof	01-12-19 to 01-13-23
	Josh Edwards	01-14-23 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CORDRY-SWEETWATER CONSERVANCY
DISTRICT, BROWN COUNTY, INDIANA

This report is supplemental to the audit report of the Cordry-Sweetwater Conservancy District (District), for the period from January 1, 2018 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the District. It should be read in conjunction with the Financial Statement Audit Report of the District, which provides our opinions on the District'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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

October 18, 2023

CORDRY-SWEETWATER CONSERVANCY DISTRICT
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

A similar comment appeared in prior Report B51905, entitled *FINDING 2018-001: BANK ACCOUNT RECONCILIATION REVIEW*.

Condition and Context

Cash and Investments

The District did not have a proper system of internal controls over cash and investments. The monthly bank reconciliations were being performed by one individual without any documented review or oversight by another individual.

Financial Close and Reporting

Internal control activities should be selected and developed at various levels to reduce risks of error and/or fraud of the financial close and reporting. The Director of Finance and Administration completes the Annual Financial Report and presents to the District Board for approval at a monthly meeting. The annual upload of the financial information was not reviewed by another individual prior to submission to the Indiana Gateway for Government Units financial reporting system. The failure to establish these internal controls could enable material misstatements to be undetected.

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. . . ."

CORDRY-SWEETWATER CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on October 18, 2023, with Brittany Bay, Director of Finance; Nicholas Johann, Director of Operations; and Pat A. Sherman, District Board member.