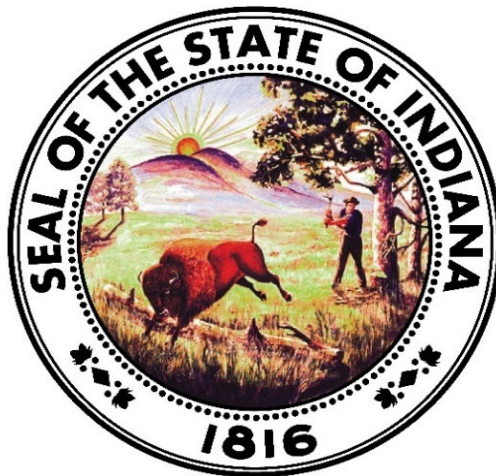


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

COMPLIANCE EXAMINATION REPORT
OF
INDEPENDENCE HILL CONSERVANCY DISTRICT
LAKE COUNTY, INDIANA
January 1, 2018 to December 31, 2022



FILED
11/15/2023



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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November 15, 2023

To: The Officials of the Independence Hill Conservancy District
Independence Hill Conservancy District
8015 Cleveland Place
Merrillville, IN 46410

This report is supplemental to the audit report of the Independence Hill 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 Examination Findings that pertain to the District. It should be read in conjunction with the financial statement audit report of the District, which provides an opinion on the District's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the District and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the Supplemental Audit Report for the Independence Hill Conservancy District prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2018 to December 31, 2022. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by Indiana the State Board of Accounts.

We call your attention to the finding in the report on page 3.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in black ink that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

COMPLIANCE EXAMINATION OF
INDEPENDENCE HILL CONSERVANCY DISTRICT
Lake County, Indiana
January 1, 2018 to December 31, 2022

INDEPENDENCE HILL CONSERVANCY DISTRICT

Lake County, Indiana
January 1, 2018 to December 31, 2022

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INDEPENDENCE HILL CONSERVANCY DISTRICT
SCHEDULE OF OFFICIALS
January 1, 2018 to December 31, 2022

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|-----------------|-------------------|----------------------|
| Financial Clerk | Lynn E. Sattler | 01-01-18 to 12-31-22 |
| Chairman | James W. Beshears | 01-01-18 to 12-31-18 |
| | David Uzelac | 01-01-19 to 12-31-22 |

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of the Independence Hill Conservancy District

We have examined the Independence Hill Conservancy District ("District") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts* during the period January 1, 2018 to December 31, 2022. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Special Districts* applicable to the District during the period January 1, 2018 to December 31, 2022, as described in item 2022-001 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the District complied, in all material respects, with the aforementioned requirements during the period January 1, 2018 to December 31, 2022.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
October 30, 2023

INDEPENDENCE HILL CONSERVANCY DISTRICT
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2018 to December 31, 2022

FINDING 2022-001: INTERNAL CONTROLS - RECEIPTS

Criteria: The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27 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. . . .

Condition: During testing, we noted that an internal control deficiency related to the recording and reporting of receipts. Two employee collected cash, wrote receipts, prepared the deposit, and took the deposit to the bank. A separate employee posted the receipts to the ledger.

However, there was no documented, formal approval or review process in place to corroborate the segregation of duties in place.

INDEPENDENCE HILL CONSERVANCY DISTRICT
EXIT CONFERENCE
January 1, 2018 to December 31, 2022

The contents of this report were discussed on October 27, 2023 with Lynn Sattler, Office Manager, and David Uzelac, Board Chairman.

INDEPENDENCE HILL CONSERVANCY DISTRICT

8015 Cleveland Place
Merrillville, Indiana 46410

Telephone: (219) 769-3996

Fax: (219) 769-6237

October 27, 2023

Thomas Jacobs, CPA
Crowe LLP

Re: Independence Hill Conservancy District
2018-2022 SBOA Audit

Dear Mr. Thomas,

After reviewing the **Finding 2022-001 Internal Controls – Receipt Condition**, the Independence Hill Conservancy District will provide a documented and formal signed approval verifying all monthly receipts have been written, posted, and deposited into the bank. This will be completed and signed by the Financial Clerk, after verification. All deposits will be verified in the monthly bank statements. This process will be implemented immediately.

Sincerely,



Lynn Sattler
Financial Clerk/Office Manager
Independence Hill Conservancy District