

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

POSEY COUNTY REGIONAL SEWER DISTRICT

POSEY COUNTY, INDIANA

January 1, 2022 to December 31, 2022



**FILED**

09/19/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cheryl Reich	01-01-22 to 12-31-23
President of the District Board	Dwayne Ackerman	01-01-22 to 12-31-23



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE POSEY COUNTY REGIONAL  
SEWER DISTRICT, POSEY COUNTY, INDIANA

This report is supplemental to the audit report of the Posey County Regional Sewer District (District), for the period from January 1, 2022 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/](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.

Beth Kelley, CPA, CFE  
Deputy State Examiner

August 31, 2023

POSEY COUNTY REGIONAL SEWER DISTRICT  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS**

*Condition and Context*

There were deficiencies in the internal control system of the District related to financial transactions and reporting. The District had not established an effective system of internal controls that separated incompatible activities related to receipts and financial close and reporting.

*Receipts*

The Treasurer was solely responsible for all aspects of receipting, depositing, and recording the monies of the District. There were no internal controls in place such as oversight, review, or approval process to prevent, or detect and correct, errors related to receipts.

*Financial Close and Reporting*

The Treasurer entered and submitted the financial information for the District into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source for the Annual Financial Report (AFR) and financial statement. There was no evidence of an internal control, such as an oversight, review, or approval process to prevent, or detect and correct, errors on the AFR prior to submission.

*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.

POSEY COUNTY REGIONAL SEWER DISTRICT  
AUDIT RESULTS AND COMMENTS  
(Continued)

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. . . ."

**ANNUAL FINANCIAL REPORT - OTHER INFORMATION**

*Condition and Context*

Financial and other information are required to be entered annually into the Annual Financial Report via the Indiana Gateway for Government Units (Gateway) financial reporting system. The District did not properly enter the other information into Gateway, which resulted in the following errors:

*Leases and Debt*

The Leases and Debt information entered into Gateway did not include the Sewage Works Revenue Bonds of 2021.

Adjustments were proposed, accepted by the District, and made to the Schedule of Leases and Debt presented as Other Information in the Financial Statement Audit Report of the District.

*Criteria*

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

POSEY COUNTY REGIONAL SEWER DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on August 31, 2023, with Cheryl Reich, Treasurer, and Kent Wenderoth, District Board member.