

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

COMPLIANCE EXAMINATION REPORT

OF

WHITLEY COUNTY REGIONAL WATER AND SEWER DISTRICT

WHITLEY COUNTY, INDIANA

January 1, 2021 to December 31, 2022



FILED

11/30/2023



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

November 30, 2023

To: The Officials of the Whitley County Regional Water and Sewer District
Whitley County Regional Water and Sewer District
Whitley County, Indiana

This report is supplemental to the audit report of the Whitley County Regional Water and Sewer District (District), for the period from January 1, 2021 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 Whitley County Regional Water and Sewer District prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2021 to December 31, 2022. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report on pages 3 and 4.

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
WHITLEY COUNTY REGIONAL WATER AND SEWER DISTRICT
Whitley County, Indiana
January 1, 2021 to December 31, 2022

WHITLEY COUNTY REGIONAL WATER AND SEWER DISTRICT

Whitley County, Indiana
January 1, 2021 to December 31, 2022

CONTENTS

SCHEDULE OF OFFICIALS	1
INDEPENDENT ACCOUNTANT'S REPORT	2
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS:	
2022-001: INTERNAL CONTROLS.....	3
2022-002: MISSING GATEWAY UPLOADS.....	3
2022-003: CERTIFICATION ON INTERNAL CONTROL STANDARDS	4
EXIT CONFERENCE	5

WHITLEY COUNTY REGIONAL WATER AND SEWER DISTRICT
SCHEDULE OF OFFICIALS
For the period January 1, 2021 to December 31, 2022

<u>Office</u>	<u>Official</u>	<u>Term</u>
Secretary/Treasurer	Randall Cokl	01-01-21 to 12-31-22
President of the Board	Chad Nix	01-01-21 to 12-31-22



INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of Whitley County Regional Water and Sewer District

We have examined Whitley County Regional Water and Sewer District's ("Unit") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts* during the period January 1, 2021 to December 31, 2022. Management of the Unit is responsible for the Unit's compliance with the specified requirements. Our responsibility is to express an opinion on the Unit'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 Unit complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Unit 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 Unit's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Special Districts* applicable to the Unit during the period January 1, 2021 to December 31, 2022, as described in items 2022-001 through 2022-004 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Unit complied, in all material respects, with the aforementioned requirements during the period January 1, 2021 to December 31, 2022.

A handwritten signature in black ink that reads "Crowe LLP".
Crowe LLP

Indianapolis, Indiana
November 13, 2023

WHITLEY COUNTY REGIONAL WATER AND SEWER DISTRICT
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2021 to December 31, 2022

FINDING 2022-001: INTERNAL CONTROLS

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. . . ."*

The same comment also appeared in prior Report B58958.

Condition: During testing, we noted that the Unit did not meet the minimum standards of internal control. Specifically, the Unit was not able to provide support for proper approval for 11 disbursements in our sample of 11 disbursements.

FINDING 2022-002: MISSING GATEWAY UPLOADS

Criteria: The Indiana State Board of Accounts (SBOA) Directive 2018-1 states in part, " Beginning with July 2018 files, which will be due September 15, 2018, all cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients.

The following files and governmental unit information are required to be uploaded monthly by all units:

- Bank Reconcilements, Bank Statements, and Outstanding Check Lists
- Approved Board Minutes, please see the user guide for more information and examples
- Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund

The following files and governmental unit information are required to be uploaded annually by all units:

- Detail of Receipts for the year
- Detail of Disbursements for the year
- Current year Salary Ordinance (or Schedule)
- Annual Vendor History Report
- Annual Payroll History Report, without social security numbers
- Annual Funds Ledger, summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund

Condition: During testing, we noted the Unit did not upload the 2021 monthly funds ledgers for May, August, and November. It was further noted that the Unit did not upload the required annual uploads for calendar years 2021 and 2022.

WHITLEY COUNTY REGIONAL WATER AND SEWER DISTRICT
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2021 to December 31, 2022

FINDING 2022-003: CERTIFICATION ON INTERNAL CONTROL STANDARDS

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."

The same comment also appeared in prior Report B58958.

Condition: During testing, we noted the Unit provided certifications from February 2023, which was subsequent to the period under examination.

WHITLEY COUNTY REGIONAL WATER AND SEWER DISTRICT
EXIT CONFERENCE
January 1, 2021 to December 31, 2022

The contents of this report were discussed on November 13, 2023 with Randall Cokl, Treasurer, and Madalyn Sade-Bartl, President of the Board.