

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

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
TALL OAKS LAKE CONSERVANCY DISTRICT
MORGAN COUNTY, INDIANA
January 1, 2023 to December 31, 2024



FILED
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TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Internal Controls	4
Annual Financial Report - Other Information	4-5
Capital Assets	5-6
Exit Conference	7

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Catherine Whittier Renita Skinner	01-01-23 to 02-06-23 02-07-23 to 12-31-25
Chair of the District Board	Catherine Whittier	01-01-23 to 12-31-25



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TO: THE OFFICIALS OF THE TALL OAKS LAKE CONSERVANCY
DISTRICT, MORGAN COUNTY, INDIANA

This report is supplemental to the audit report of the Tall Oaks Lake Conservancy District (District), for the period from January 1, 2023 to December 31, 2024. 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 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

May 5, 2025

TALL OAKS LAKE CONSERVANCY DISTRICT
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

A similar comment appeared in a Management Letter addressed to the Officials of the District for the Small-Unit Compliance Engagement ending December 31, 2023.

Condition and Context

The District had not established an effective system of internal controls to prevent, or detect and correct, errors related to cash and investments. The Chair of the District Board and the Financial Clerk complete the monthly bank reconciliations together. However, there was no evidence provided to verify an oversight or review process.

The District had not established an effective system of internal controls to prevent noncompliance with laws and regulations related to the Annual Financial Report reported on the Indiana Gateway for Government Units financial reporting system or the Schedule of Capital Assets.

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. . . ."

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

Condition and Context

The District had not established an effective system of internal controls to prevent, or detect and correct, errors related to the Annual Financial Report (AFR). Financial and other information are required to be entered annually into the AFR via the Indiana Gateway for Government Units financial reporting system. The District did not complete the capital asset information in the AFR.

TALL OAKS LAKE CONSERVANCY DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

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 as set forth in the uniform compliance guidelines. 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 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:

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An integral part of the control activity component is segregation of duties. . . .

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CAPITAL ASSETS

The same comment also appeared in prior Report 77794A.

Condition and Context

The District had not established an effective system of internal controls to prevent, or detect and correct, errors related to capital assets. The District does not have a current capital asset policy in place. The District did not maintain a complete and accurate detailed listing of capital assets. In addition, the District did not complete a physical inventory of capital assets at least every two years as required.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

TALL OAKS LAKE CONSERVANCY DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

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:

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TALL OAKS LAKE CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on May 5, 2025, with Catherine Whittier, Chair of the District Board; Renita Skinner, Financial Clerk; and Dea Denton, Secretary of the District Board.