

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

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

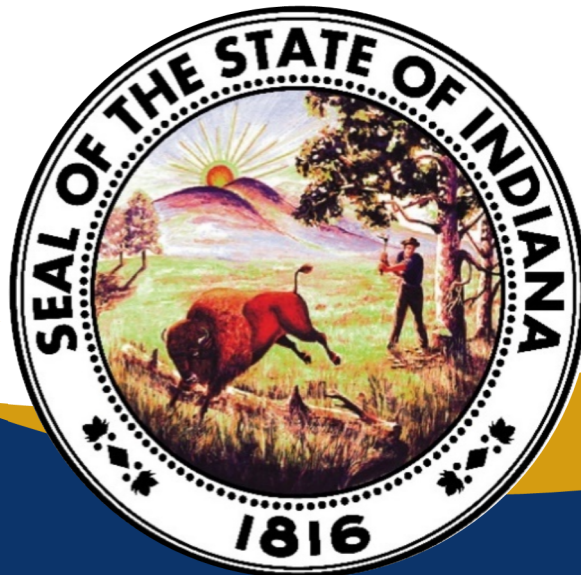
COMPLIANCE ENGAGEMENT REPORT

OF

SOUTHEASTERN INDIANA REGIONAL PORT AUTHORITY

DEARBORN COUNTY, INDIANA

January 1, 2024 to October 15, 2024



FILED

04/24/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Benjamin Turner Thomas Palmer	01-01-24 to 08-15-24 08-16-24 to 10-15-24
Chair of the Authority Board	Sarah Jordan Derek Walker	01-01-24 to 04-18-24 04-19-24 to 10-15-24



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE SOUTHEASTERN INDIANA REGIONAL
PORT AUTHORITY, DEARBORN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Southeastern Indiana Regional Port Authority (Authority) for the period of January 1, 2024 through October 15, 2024. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Authority as this engagement was not conducted in accordance with any standards established by an authoritative standard-setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statement) are informational only. The Statement has not been subjected to any procedures designed to express an opinion or provide any assurance on it, and, accordingly, we do not express an opinion or provide any assurance on it.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Authority's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Benjamin Turner, former Treasurer, and Thomas Palmer, Treasurer, on April 14, 2025.



Beth Kelley, CPA, CFE
Deputy State Examiner

April 7, 2025

SOUTHEASTERN INDIANA REGIONAL PORT AUTHORITY
COMMENTS

PRESCRIBED FORMS

Condition and Context

Internal controls were not in place to ensure that all prescribed forms were in use by the Authority. The Authority could use either General Form 354 Claim or Town Form 39 Accounts Payable Voucher for disbursements, but neither form was used for any of the disbursements in the engagement period, totaling \$563,613. Supporting documentation was provided for the disbursements selected for testing, but approval of the person receiving the goods or services and the certification of the fiscal officer was not properly documented.

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. . . ."

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

SOUTHEASTERN INDIANA REGIONAL PORT AUTHORITY
COMMENTS
(Continued)

ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS

The same comment appeared in prior Report 78173A.

Condition and Context

The Authority did not have adequate internal controls in place to ensure compliance with requirements regarding adoption of, and training on, internal control standards. The Authority did not adopt minimum internal control standards as required by the Indiana State Board of Accounts and did not provide training for employees regarding internal control standards.

Criteria

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

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. . . .

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. . . ."

DISSOLUTION OF THE SOUTHEASTERN INDIANA REGIONAL PORT AUTHORITY

On August 16, 2024, the Board of Directors of the Authority approved Resolution 2024-2 recommending that the City of Lawrenceburg, Dearborn County, the City of Greendale, and the City of Aurora adopt ordinances to dissolve the Authority after payment of all outstanding invoices, liquidation of all investments, and after any remaining funds were returned to the City of Lawrenceburg.

Dissolution was effective after the final ordinance was adopted by the City of Aurora on October 15, 2024. At that time, all funds had been disbursed to the City of Lawrenceburg in accordance with the dissolution resolution, and the financial statement in this report ends as of October 15, 2024.

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

SOUTHEASTERN INDIANA REGIONAL PORT AUTHORITY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended October 15, 2024

Fund	Cash and Investments 01-01-24	Receipts	Disbursements	Cash and Investments 10-15-24
Port Authority General Fund	\$ 550,981	\$ 12,632	\$ 563,613	\$ -
Totals	<u>\$ 550,981</u>	<u>\$ 12,632</u>	<u>\$ 563,613</u>	<u>\$ -</u>