

STATE BOARD OF ACCOUNTS
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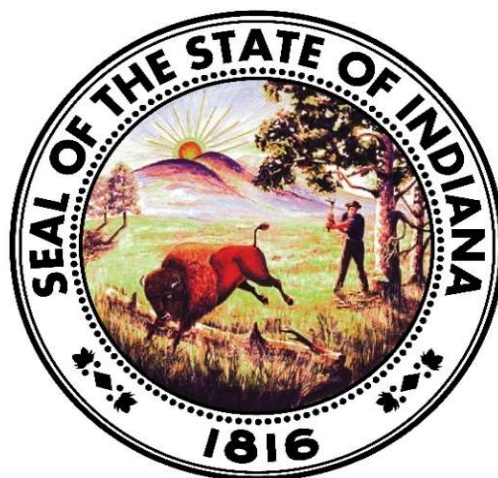
SUPPLEMENTAL COMPLIANCE REPORT

OF

UPPER WILDWOOD SHORES CONSERVANCY DISTRICT

MORGAN COUNTY, INDIANA

January 1, 2019 to December 31, 2023



FILED
08/12/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Officer	Jerry Allgood Mike Hein	01-01-19 to 12-31-23 01-01-24 to 12-31-24
Chair of the District Board	Kevin O'Farrell Bret Bingham	01-01-19 to 11-19-23 11-20-23 to 12-31-24



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TO: THE OFFICIALS OF THE UPPER WILDWOOD SHORES CONSERVANCY
DISTRICT, MORGAN COUNTY, INDIANA

This report is supplemental to the audit report of the Upper Wildwood Shores Conservancy District (District), for the period from January 1, 2019 to December 31, 2023. 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 Statements Audit Report of the District, which provides our opinions 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 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.

A handwritten signature in blue ink that reads "Beth Kelley".

Beth Kelley, CPA, CFE
Deputy State Examiner

July 11, 2024

UPPER WILDWOOD SHORES CONSERVANCY DISTRICT
AUDIT RESULTS AND COMMENTS

MONTHLY AND ANNUAL UPLOADS

Condition and Context

The District did not upload the required monthly and annual reports to the Indiana Gateway for Government Units financial reporting system. This included bank reconcilements (monthly) and District Board minutes (monthly) throughout the audit period, and, in 2023, the annual detailed receipts and disbursements listing was not included.

Criteria

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. (State Examiner Directive 2018-1)

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the 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.

A user guide for the Engagement Uploads is available and located at: <https://gateway.ifionline.org/userguides/engagementguide> **It is pertinent that this user guide be used in conjunction with this Directive.** It provides critical information to you that will help guide you to uploading the correct documents.

(Amended State Examiner Directive 2018-1, Updated November 9, 2020, and effective with uploads due February 15, 2021)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS

Condition and Context

There were deficiencies in the internal control system for the District related to financial transactions and reporting of cash and investments, receipts, and financial close and reporting. The District had not separated incompatible activities related to cash and investments, receipts, and financial close and reporting. There was no documented oversight, or review and approval process over these areas by the District Board. The failure to establish and maintain internal controls could enable material misstatements or irregularities to remain undetected.

UPPER WILDWOOD SHORES CONSERVANCY DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

Financial Close and Reporting

The CPA consultant for the District uploaded the Annual Financial Report (AFR) into the Indiana Gateway for Government Units financial reporting system, which was the source of the District's AFR. The AFR was submitted without documented oversight of the review process prior to submission to ensure the accuracy and completeness of the information submitted.

Financial Transactions

The District financial officer (member of the District Board) receipted all money received. This official is the only person with direct access to the ledger, and no other official reviewed and verified receipts after they are recorded onto the ledger. Not separating incompatible activities related to this area could enable a material misstatement to be undetected.

In addition, the District did not have a documented process of monitoring the effective operation of critical internal control activities or timely and reliable metrics, including reconciliation with data from financial or other reporting systems to ensure its accuracy and completeness. The District did not have a formal documented process over the reconciliation of the bank statement balance to the ledger balance on a monthly basis.

Lastly, management had not documented an established effective risk assessment process that included analyzing and identifying compliance risks and development and implementation of strategies of risk mitigation.

Criteria

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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. . . ."

UPPER WILDWOOD SHORES CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on July 11, 2024, with Mike Hein, Financial Officer; Bret Bingham, Chair of the District Board; and Jeff Thompson, District Board member.