

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

COMPLIANCE ENGAGEMENT REPORT

OF

NORTHEAST INDIANA SOLID WASTE MANAGEMENT DISTRICT

DEKALB COUNTY, INDIANA

January 1, 2019 to December 31, 2022



FILED

05/29/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Steven P. Christman	01-01-19 to 12-31-22
	Kent Caston	01-01-21 to 05-01-22
	(Vacant)	05-02-22 to 07-31-22
	Cory Garman	08-01-22 to 02-01-24
	(Vacant)	02-01-24 to 12-31-24
Controller	Randy P. Tilbury, CPA	01-01-19 to 12-31-24
President of the District Board	Ronald L. Smith	01-01-19 to 12-31-20
	Richard Hickman	01-01-21 to 12-31-23
	Gary Leatherman	01-01-24 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE NORTHEAST INDIANA SOLID WASTE
MANAGEMENT DISTRICT, DEKALB COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Northeast Indiana Solid Waste Management District (District), for the period of January 1, 2019 to December 31, 2022. 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 District 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 Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

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 District'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 Randy P. Tilbury, CPA, Controller, and Gary Leatherman, President of the District Board, on May 21, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

April 9, 2024

NORTHEAST INDIANA SOLID WASTE MANAGEMENT DISTRICT
COMMENTS

TRAINING AND CERTIFICATION ON INTERNAL CONTROL STANDARDS

A similar comment appeared in prior Report B53842.

Condition and Context

Internal controls were not in place to ensure the District trained personnel on internal controls. The District adopted Ordinance No. 2016-02 on August 9, 2016, which established internal control standards. The ordinance specified that all personnel will receive training concerning the internal control procedures adopted. Internal control training for all personnel took place in 2019, but for new personnel added between 2020-2022, there was no evidence to support that they had taken the required internal control training.

The District certified on the Indiana Gateway for Government Units financial reporting system for years 2019-2022, that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the District; however, personnel added after 2019 had not received training concerning the 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."

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 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. . . ."

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

NORTHEAST INDIANA SOLID WASTE MANAGEMENT DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19	Receipts	Disbursements	Cash and Investments 12-31-20
SOLID WASTE MANAGEMENT FUND	\$ 1,259,074	\$ 2,141,295	\$ 1,938,550	\$ 1,461,819	\$ 2,309,658	\$ 1,893,042	\$ 1,878,435
RAINY DAY	300,568	-	-	300,568	-	-	300,568
PASS THROUGH FUND	-	-	-	-	386,437	386,437	-
NONREVERTING CAPITAL FUND	245,488	79,500	70,618	254,370	94,650	250,000	99,020
Totals	\$ 1,805,130	\$ 2,220,795	\$ 2,009,168	\$ 2,016,757	\$ 2,790,745	\$ 2,529,479	\$ 2,278,023

NORTHEAST INDIANA SOLID WASTE MANAGEMENT DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments 01-01-21	Receipts	Disbursements	Cash and Investments 12-31-21	Receipts	Disbursements	Cash and Investments 12-31-22
SOLID WASTE MANAGEMENT FUND	\$ 1,878,435	\$ 2,411,797	\$ 2,311,852	\$ 1,978,380	\$ 2,479,526	\$ 2,019,274	\$ 2,438,632
RAINY DAY	300,568	300,000	-	600,568	-	-	600,568
NONREVERTING CAPITAL FUND	99,020	95,000	-	194,020	110,000	158,922	145,098
Totals	<u>\$ 2,278,023</u>	<u>\$ 2,806,797</u>	<u>\$ 2,311,852</u>	<u>\$ 2,772,968</u>	<u>\$ 2,589,526</u>	<u>\$ 2,178,196</u>	<u>\$ 3,184,298</u>



NORTHEAST INDIANA SOLID WASTE MANAGEMENT DISTRICT

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OFFICIAL RESPONSE

Date: May 28, 2024

Indiana State Board of Accounts
302 West Washington St. Room E418
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Re: Training on Internal Control

On 12/10/2019 board members and management employees took the SBOA internal control training from web site. We did not follow through in the time frame after that to make sure everyone received the training.

Our new policy will be as follows:

New Board Members will take the training or provide proof of prior training since they hold county and city offices.

All new management staff will take the training and sign a certification that the training has been completed.

*Randy P Tilbury CPA
Controller*