

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

COMPLIANCE ENGAGEMENT REPORT  
OF

REGION III-A ECONOMIC DEVELOPMENT DISTRICT  
AND REGIONAL PLANNING COMMISSION  
HUNTINGTON, LAGRANGE, NOBLE, STEUBEN,  
AND WHITLEY COUNTIES, INDIANA

January 1, 2019 to December 31, 2023



**FILED**  
11/12/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Matt Brinkman	01-01-19 to 12-31-24
Office Manager	Sandra Tamez	01-01-19 to 12-31-24
President of the Regional Planning Commission Board	Tom Wall	01-01-19 to 12-31-24



Paul D. Joyce, CPA  
State Examiner

# INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE REGION III-A ECONOMIC DEVELOPMENT DISTRICT  
AND REGIONAL PLANNING COMMISSION, HUNTINGTON, LAGRANGE,  
NOBLE, STEUBEN, AND WHITLEY COUNTIES, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Region III-A Economic Development District and Regional Planning Commission (Commission), for the period of January 1, 2019 to December 31, 2023. 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 Commission 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 Commission'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 Matt Brinkman, Executive Director; Sandra Tamez, Office Manager; and Tom Wall, President of the Regional Planning Commission Board, on October 9, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

October 7, 2024

REGION III-A ECONOMIC DEVELOPMENT DISTRICT  
AND REGIONAL PLANNING COMMISSION  
COMMENTS

**INTERNAL CONTROLS**

A similar comment also appeared in prior Report B54100.

*Condition and Context*

Internal controls were not in place resulting in noncompliance in the following engagement areas:

- Adoption of, and Training on, Internal Control Standards
- Certification on Internal Control Standards
- Annual Financial Reports
- Errors on Claims
- Monthly and Annual Engagement Uploads
- Capital Assets
- Prescribed Forms
- Receipt Issuance

*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. . . ."

**ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS**

The same comment also appeared in prior Report B54100.

*Condition and Context*

The Regional Planning Commission Board (Board) had not adopted the minimum level of internal control standards as required by statute. Additionally, the Board did not provide to employees, whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Commission, training over internal control standards that was developed or approved by the Indiana State Board of Accounts during the engagement period.

REGION III-A ECONOMIC DEVELOPMENT DISTRICT  
AND REGIONAL PLANNING COMMISSION  
COMMENTS  
(Continued)

*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."

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

The same comment also appeared in prior Report B54100.

*Condition and Context*

The Commission incorrectly certified on the Annual Financial Report via the Indiana Gateway for Government Units financial reporting system for 2019, 2020, 2021, 2022, and 2023 that the required internal control standards had been adopted and training had been provided to personnel. However, the Commission had not adopted the internal control standards as required by Indiana Code 5-11-1-27(g), nor had personnel been trained.

*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](#)."

**ANNUAL FINANCIAL REPORTS**

A similar comment also appeared in prior Reports B46702 and B54100, entitled *ANNUAL FINANCIAL REPORT*.

*Condition and Context*

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system, which is the source of the Commission's Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis. The information entered into Gateway contained the following errors:

REGION III-A ECONOMIC DEVELOPMENT DISTRICT  
AND REGIONAL PLANNING COMMISSION  
COMMENTS  
(Continued)

*Financial Data*

The Commission submitted its AFRs on three separate occasions to update the financial data reported due to variances identified during the course of engagement. The identified variances between each AFR submission and the Commission's financial records were detailed in the following schedule.

	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance</u>
2019:				
Per General Ledger Cash Summary	\$ 64,299	\$ 277,203	\$ 257,465	\$ 84,037
First AFR Submission	168,939	185,462	199,428	154,973
Second AFR Submission	168,939	275,253	258,092	186,100
Third AFR Submission	87,510	277,203	257,464	107,249
2020:				
Per General Ledger Cash Summary	84,037	311,080	258,017	137,100
First AFR Submission	168,939	269,351	240,275	198,015
Second AFR Submission	41,212	310,494	256,619	95,087
Third AFR Submission	126,987	311,081	258,017	180,051
2021:				
Per General Ledger Cash Summary	137,100	429,765	385,782	181,083
First AFR Submission	198,016	297,882	275,776	220,122
Second AFR Submission	239,975	354,100	321,486	272,589
Third AFR Submission	233,114	429,764	385,781	277,097
2022:				
Per General Ledger Cash Summary	181,083	643,395	471,505	352,973
First AFR Submission	220,122	310,261	311,218	219,165
Second AFR Submission	272,595	541,083	358,462	455,216
Third AFR Submission	321,078	643,395	471,504	492,969
2023:				
Per General Ledger Cash Summary	352,973	301,456	434,414	220,015
First AFR Submission	219,164	166,775	332,569	53,370
Second AFR Submission	455,216	296,584	429,622	322,178
Third AFR Submission	664,860	301,456	434,414	531,902

Adjustments were proposed, accepted by the Commission, and made to the Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis presented in this report.

REGION III-A ECONOMIC DEVELOPMENT DISTRICT  
AND REGIONAL PLANNING COMMISSION  
COMMENTS  
(Continued)

*Capital Assets*

The capital asset information entered into the AFRs for the engagement period could not be verified. The capital assets reported by the Commission totaled \$211,645 as of December 31 for each of the 2019, 2020, 2021, 2022, and 2023 years.

*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](#)."

**ERRORS ON CLAIMS**

A similar comment also appeared in prior Report B54100.

*Condition and Context*

The Commission provided 25 claims for examination that revealed the following errors:

- Adequate supporting documentation was not provided to determine whether 25 disbursements, totaling \$47,530, were approved by the Regional Planning Commission Board (Board) prior to payment. The meeting minutes of the Board did note an approval of claims throughout the engagement period; however, the minutes did not detail which claims had been approved for payment.
- There was no documentation to support the fiscal officer certified and approved 7 claims, totaling \$19,616, prior to payment.
- Adequate supporting documentation, which would include itemized invoices, was not provided to determine whether 6 disbursements, totaling \$10,864, were a proper and allowable use of funds.
- Claim vouchers were not prepared for five credit card payments, totaling \$11,863. Additionally, of the five credit card payments, charges totaling \$5,087 had no supporting documentation provided to determine whether they were a proper and allowable use of funds.

*Criteria*

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 all of the following apply:

REGION III-A ECONOMIC DEVELOPMENT DISTRICT  
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COMMENTS  
(Continued)

- (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.
- (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. . . ."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

### **MONTHLY AND ANNUAL ENGAGEMENT UPLOADS**

#### *Condition and Context*

The files and governmental unit information that are required to be uploaded monthly include the bank reconciliements, approved Commission Board minutes, and funds ledger, summarizing total receipts, disbursements, and balances by fund.

Annual upload requirements include the year-end investment statements, detail of receipt activity, detail of disbursement activity, current year salary ordinance, annual employee earnings record, and annual vendor history report.

The Commission did not upload any of the required monthly and annual files for the 2019, 2020, 2021, 2022, and 2023 years on the Indiana Gateway for Government Units financial reporting system; excluding the January, February, and March 2023 files.

#### *Criteria*

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. (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)

REGION III-A ECONOMIC DEVELOPMENT DISTRICT  
AND REGIONAL PLANNING COMMISSION  
COMMENTS  
(Continued)

**CAPITAL ASSETS**

*Condition and Context*

The Commission did not adopt a capital asset policy and did not maintain a complete detailed listing of all capital assets owned, which reflected its acquisition value, during the engagement period. Additionally, the Commission did not complete a physical inventory of capital assets at least every two years. The capital assets reported by the Commission in its Annual Financial Reports via the Indiana Gateway for Government Units financial reporting systems totaled \$211,645 as of December 31 for each of the 2019, 2020, 2021, 2022, and 2023 years.

*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)

**PRESCRIBED FORMS**

The same comment also appeared in prior Report B54100.

*Condition and Context*

The Commission uses QuickBooks Software to account for its transactions and cash and investments balance. We conducted a test designed to verify that receipts issued were properly recorded to the ledger at the time the transactions occurred. Our test found that cash collections were posted to the general ledger throughout the engagement period. However, the reports provided were not the ledgers prescribed by the Indiana State Board of Accounts, as not all collections were issued a unique receipt number nor posted to the general ledger with a unique receipt number.

*Criteria*

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)

**RECEIPT ISSUANCE**

A similar comment also appeared in prior Report B54100.

*Condition and Context*

The Commission could not provide official receipts issued for 16 collections, totaling \$113,207.

REGION III-A ECONOMIC DEVELOPMENT DISTRICT  
AND REGIONAL PLANNING COMMISSION  
COMMENTS  
(Continued)

*Criteria*

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

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

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REGION III-A ECONOMIC DEVELOPMENT DISTRICT AND REGIONAL PLANNING COMMISSION  
 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
General	\$ 64,299	\$ 277,203	\$ 257,465	\$ 84,037	\$ 311,081	\$ 258,017	\$ 137,101
Totals	<u>\$ 64,299</u>	<u>\$ 277,203</u>	<u>\$ 257,465</u>	<u>\$ 84,037</u>	<u>\$ 311,081</u>	<u>\$ 258,017</u>	<u>\$ 137,101</u>

REGION III-A ECONOMIC DEVELOPMENT DISTRICT AND REGIONAL PLANNING COMMISSION  
 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
General	\$ 137,101	\$ 429,763	\$ 385,781	\$ 181,083	\$ 643,395	\$ 471,505	\$ 352,973
Totals	<u>\$ 137,101</u>	<u>\$ 429,763</u>	<u>\$ 385,781</u>	<u>\$ 181,083</u>	<u>\$ 643,395</u>	<u>\$ 471,505</u>	<u>\$ 352,973</u>

REGION III-A ECONOMIC DEVELOPMENT DISTRICT AND REGIONAL PLANNING COMMISSION  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2023

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23
General	\$ 352,973	\$ 301,456	\$ 434,414	\$ 220,015
Totals	<u>\$ 352,973</u>	<u>\$ 301,456</u>	<u>\$ 434,414</u>	<u>\$ 220,015</u>