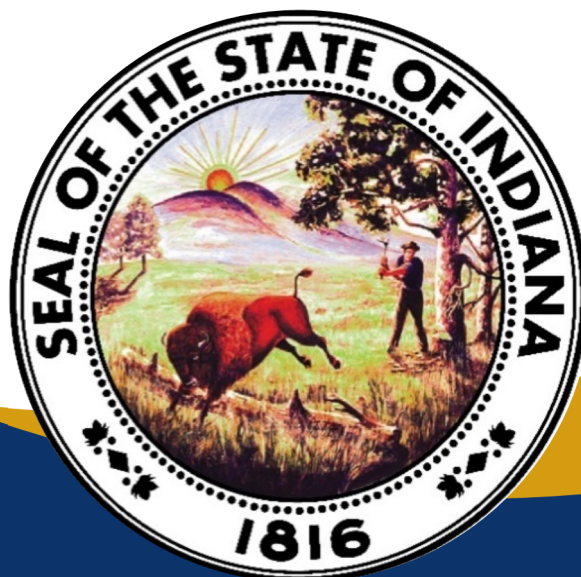


**STATE BOARD OF ACCOUNTS  
302 West Washington Street  
Room E418  
INDIANAPOLIS, INDIANA 46204-2769**

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

COMPLIANCE ENGAGEMENT REPORT  
OF  
POSEY COUNTY SOLID WASTE MANAGEMENT DISTRICT  
POSEY COUNTY, INDIANA  
January 1, 2019 to December 31, 2023



**FILED**  
02/04/2025



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Compliance Report .....	3-4
Comments .....	5-13

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Patricia Bunner Colbert (Vacant)	01-01-19 to 11-22-24 11-23-24 to 12-31-24
Controller	Ronald Bennett	01-01-19 to 12-31-24
Bookkeeper	Judy Davis Jennifer Tinsley (Vacant) Regan Bough	01-01-19 to 06-30-22 07-01-22 to 04-16-24 04-17-24 to 06-09-24 06-10-24 to 12-31-24
President of the District Board	Larry Williams Stefani Miller Bill Collins	01-01-19 to 12-31-19 01-01-20 to 12-31-23 01-01-24 to 12-31-24



Paul D. Joyce, CPA  
State Examiner

## INDIANA STATE BOARD OF ACCOUNTS

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Posey County Solid Waste Management District (District), 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 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 is informational only. The Statements of Receipts, Disbursements, and Schedule of Cash and Investment Balances - Regulatory Basis have not been included in this report due to the issues detailed in the Comments below.

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 Ronald Bennett, Controller; Regan Bough, Bookkeeper; Bill Collins, President of the District Board; Greg Newman, District Board member; Heather Allyn, District Board member; and Ron Fallowfield, Operations Manager, on December 10, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

November 26, 2024

POSEY COUNTY SOLID WASTE MANAGEMENT DISTRICT  
COMMENTS

**CONDITION OF RECORDS**

*Condition and Context*

Internal controls were not in place to ensure accounting records were maintained. The District did not maintain accurate and complete accounting records beginning July 2022 through December 2023. The District utilized a financial software system to prepare its accounting records; however, the records were not complete.

The District's receipts and disbursements posted to the ledgers during 2022 and 2023 did not agree to the bank transactions for the same period of time. Checks that cleared the bank were not posted to the ledger and receipts were not timely posted, posted multiple times, or not at all. For purposes of the engagement, a comparison of receipts and disbursements was made between bank transactions and postings made to the District's ledger as follows:

Year	2019	2020	2021	2022	2023
Deposits Per Bank Statement	\$ 809,157	\$ 818,146	\$ 852,538	\$ 570,755	\$ 857,978
Reciepts Per Ledger	<u>809,157</u>	<u>818,146</u>	<u>852,538</u>	<u>577,065</u>	<u>863,144</u>
Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,310)</u>	<u>\$ (5,166)</u>
Disbursements Per Bank Statement	\$ 865,253	\$ 730,717	\$ 675,020	\$ 687,146	\$ 652,726
Disbursements Per Ledger	<u>865,253</u>	<u>730,717</u>	<u>675,020</u>	<u>652,918</u>	<u>578,301</u>
Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,228</u>	<u>\$ 74,425</u>

Further testing indicated there were checks issued that appeared to be fraudulent. As a result, the Indiana State Board of Accounts (SBOA) Special Investigations Team began an investigation of the disbursement and receipt records of the District for the period of June 20, 2022 through April 16, 2024. The results of this investigation are included in the SBOA Report 13860I.

*Criteria*

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

POSEY COUNTY SOLID WASTE MANAGEMENT DISTRICT  
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:

"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. . . ."

### **BANK ACCOUNT RECONCILIATIONS**

#### *Condition and Context*

Internal controls were not in place to ensure compliance over bank account reconciliations. The District prepared and provided for review bank reconciliations for 2019, 2020, 2021, and January through June 2022. For these periods, the bank reconciled with the ledger. Beginning in July 2022, ledgers were not maintained accurately nor were bank reconciliations performed for the period of July 2022 through December 2023.

The Indiana State Board of Accounts (SBOA) attempted to perform a bank reconciliation as of December 2023. Due to the lack of accurate and complete ledgers, the SBOA was unable to determine the amount of deposits in transit and outstanding checks that would have affected the reconciled bank balance. As of December 31, 2023, the ledger balance was \$654,185, and the bank statement balance was \$561,439.

#### *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:

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POSEY COUNTY SOLID WASTE MANAGEMENT DISTRICT  
COMMENTS  
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**TIMELY RECORDING, RECEIPT ISSUANCE, AND DEPOSIT OF FUNDS**

*Condition and Context*

Internal controls were not in place to ensure compliance over receipt and depositing of funds received. During 2022 and 2023, the District received its property tax settlement in December; however, receipts were not written, nor posted to the ledger and deposited in the bank, until March 2023 for the December 2022 distribution and February 2024 for the December 2023 distribution.

Additionally, out of the 35 receipts tested, 7 receipts were not able to be traced to a bank deposit in the same form in which they were received, and 3 receipts were not posted timely. All these instances occurred after July 2022.

*Criteria*

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 51-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

Tickets, goods for sale, billings, and other collections, are considered accountable items for which a corresponding deposit must be made in the bank accounts of the unit. The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payers. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

Indiana Code 5-13-6-1(c) states:

"Except as provided in subsections (d) and (g), all local officers, except township trustees, who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the several local boards of finance that have jurisdiction of the funds. The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month. Public funds deposited under this subsection shall be deposited in the same form in which they were received."

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:

POSEY COUNTY SOLID WASTE MANAGEMENT DISTRICT  
COMMENTS  
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## **ANNUAL FINANCIAL REPORT**

### *Condition and Context*

Internal controls were not in place to ensure that Annual Financial Reports (AFRs) were submitted accurately and timely. The Indiana State Board of Accounts was unable to determine the accuracy of the AFRs filed on the Indiana Gateway for Government Units financial reporting system due to the lack of complete accounting records for the fiscal years 2022 and 2023. Specific schedules of the AFRs that could not be verified due to the lack of accounting records in addition to the Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances; detail of receipts by fund; and detail of disbursements by fund; include:

- Accounts Payable/Accounts Receivable
- Debt

The District's AFR for 2023 was not submitted timely. The AFR was due 60 days after fiscal year end. The District submitted its report for 2023 on March 15, 2024 (15 days late).

### *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 Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Special Districts, Chapter 1)

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:

POSEY COUNTY SOLID WASTE MANAGEMENT DISTRICT  
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### **APPROVAL OF CLAIMS**

#### *Condition and Context*

Internal controls were not in place to prevent the payment of claims prior to District Board approval. The District paid 18 of the 35 claims tested prior to being approved by the District Board. There was no evidence that a resolution had been approved by the District Board authorizing this.

#### *Criteria*

Indiana Code 13-21-3-10(c) states:

"The board may, by resolution, authorize the controller to make claim payments for:

- (1) payroll;
- (2) the state solid waste management fee imposed by [IC 13-20-22-1](#); and
- (3) certain specific vendors identified in the resolution;

without the claims being first approved by the board if before payment the claims are approved in writing by the chairperson of the board or in the absence of the chairperson another member of the board designated by the chairperson. The claims shall be reviewed and allowed by the board at the board's next regular or special meeting."

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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POSEY COUNTY SOLID WASTE MANAGEMENT DISTRICT  
COMMENTS  
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**MONTHLY AND ANNUAL UPLOADS**

*Condition and Context*

Internal controls were not in place to ensure compliance with State Examiner Directive 2018-1 as amended. The District had not uploaded any required monthly engagement uploads from July 2022 through December 2023 into the Indiana Gateway for Government Units financial reporting system as required. The files which were not uploaded included the bank reconcilements, District Board minutes, and funds ledgers. In addition, the District had not uploaded any required annual engagement uploads for 2022 or 2023. The files which were not uploaded included the detail of receipts and disbursements, salary ordinance, annual vendor history report, annual funds ledger, and annual payroll history report.

*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, effective with uploads due February 15, 2021; Updated October 30, 2023, effective with the December 2023 monthly uploads due February 15, 2024, and the 2023 annual uploads due March 1, 2024)

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)

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POSEY COUNTY SOLID WASTE MANAGEMENT DISTRICT  
COMMENTS  
(Continued)

**RECORD OF HOURS WORKED**

*Condition and Context*

Internal controls were not in place to ensure compensation and benefits were paid in accordance with laws, regulations, and guidelines including state and federal reporting requirements. The District did not maintain an employee service record for two of the salaried employees for the period of August 1, 2022 through December 31, 2023.

*Criteria*

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

- General Form 99A, Employee's Service Record
- General Form 99B, Employee's Earnings Record
- General Form 99C, Employee's Weekly Earnings Record

(Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

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**CAPITAL ASSETS**

*Condition and Context*

Internal controls did not ensure that the District had a capital asset policy in place that included a threshold for determining what is considered a capital asset. Total assets reported for 2023 was \$1,184,972.

POSEY COUNTY SOLID WASTE MANAGEMENT DISTRICT  
COMMENTS  
(Continued)

*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)

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**100R - CERTIFIED REPORT FILED AFTER DUE DATE**

*Condition and Context*

Internal controls were not in place to ensure that the District submitted its Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R) timely. The District filed its 2023 report on February 15, 2024, which is 15 days past the due date.

*Criteria*

Indiana Code 5-11-13-1(b) states:

"Each audited entity shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of the officers, employees, and agents of the audited entity. The report shall indicate the respective duties and compensation of each officer, employee, and agent of the audited entity. The audited entity shall file the report in the office of the state examiner of the state board of accounts. The report must also indicate whether the political subdivision offers a health plan, a pension, and other benefits to full-time and part-time employees. However, no more than one (1) report covering the same officers, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year. The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

POSEY COUNTY SOLID WASTE MANAGEMENT DISTRICT  
COMMENTS  
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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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