

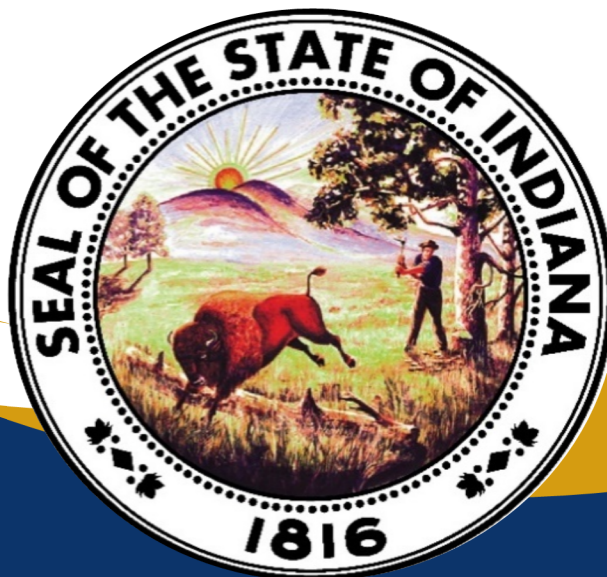
**STATE BOARD OF ACCOUNTS  
302 West Washington Street  
Room E418  
INDIANAPOLIS, INDIANA 46204-2769**

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

COMPLIANCE ENGAGEMENT REPORT  
OF

PIKE COUNTY SOIL AND WATER  
CONSERVATION DISTRICT  
PIKE COUNTY, INDIANA

January 1, 2020 to December 31, 2023



**FILED**  
12/30/2024



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Compliance Report .....	3-4
Comments .....	5-9
Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis.....	12-13

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
District Administrator	S. Erica Burkemper-Fischer Kyla Estey (Vacant) Amity Traylor	01-01-20 to 03-01-20 03-02-20 to 07-12-22 07-13-22 to 08-28-22 08-29-22 to 12-31-24
Treasurer	Tom Rudolph	01-01-20 to 12-31-24
Chair of the District Board	Norman Dillon	01-01-20 to 13-31-24



Paul D. Joyce, CPA  
State Examiner

## INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE PIKE COUNTY SOIL AND WATER  
CONSERVATION DISTRICT, PIKE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Pike County Soil and Water Conservation District (District), for the period of January 1, 2020 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 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 Tom Rudolph, Treasurer, and Amity Traylor, District Administrator, on December 16, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

December 9, 2024

PIKE COUNTY SOIL AND WATER CONSERVATION DISTRICT  
COMMENTS

**INTERNAL CONTROLS**

*Condition and Context*

Internal controls were not in place to ensure compliance with laws, regulations, and Guidelines including state and federal reporting requirements related to credit cards, errors on claims, capital assets, and adoption, training, and certification on internal control standards.

*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. . . ."

**CREDIT CARDS**

*Condition and Context*

We selected 13 credit card claims for testing and 7 had disbursements that were not made in accordance with the District's credit card policy as follows:

- A meal purchased while not in travel status totaling \$351.
- No supporting documentation for one charge to the credit card totaling \$70.
- One credit card incurred a finance charge in the amount of \$3.

*Criteria*

The SBOA will not take exception to the use of credit cards by a unit provided the following criteria are observed:

1. The governing body must authorize credit card use through an ordinance/resolution, which has been approved in a meeting and documented in the minutes.
2. Issuance and use must be handled by an official or employee designated by the governing body.

PIKE COUNTY SOIL AND WATER CONSERVATION DISTRICT  
COMMENTS  
(Continued)

3. The purposes for which the credit card may be used must be specifically stated in the ordinance/resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the responsible person.
5. The designated responsible official or employee must maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned.
6. Credit cards must not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing body and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment cannot be made on the basis of a statement or a credit card slip only. Procedures for payments must be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee may be the personal obligation of the responsible officer or employee.
8. If authorized, an annual fee may be paid.

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

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

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)

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

### **ERRORS ON CLAIMS**

#### *Condition and Context*

We tested thirty disbursements for the engagement period and three claims contained the following errors:

- Two mileage reimbursement claims were reimbursed at the federal rate and not at the state rate in accordance with the District's travel policy.

PIKE COUNTY SOIL AND WATER CONSERVATION DISTRICT  
COMMENTS  
(Continued)

- One reimbursement claim was paid without proper supporting documentation for a hotel expense and office supplies expense.
- One mileage/travel reimbursement expense was not calculated properly, and the employee was ultimately underpaid by \$85.

*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:

- (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. . . ."

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)

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

**CAPTIAL ASSETS**

*Condition and Context*

The District had not adopted a capital asset policy that detailed the threshold at which an item becomes a capital asset. The District did not maintain a listing of capital assets during the engagement period. There was no evidence that a physical inventory had been taken during the engagement period.

As a result, there was no supporting documentation to verify that the capital asset schedule entered into the Annual Financial Report via the Indiana Gateway for Government Units financial reporting system was reported accurately.

PIKE COUNTY SOIL AND WATER CONSERVATION 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)

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](#)."

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

*Condition and Context*

The District had not adopted an internal control policy with the minimum standards of internal controls during 2020. A policy was presented from February 2021. The policy did not have the District Board's signatures, and there was no documentation of the District Board approval in the minutes.

Documentation showing all District employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the District, had received training over internal control standards that was developed or approved by the Indiana State Board of Accounts was not provided.

The District certified on the Indiana Gateway for Government Units financial reporting system 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, during the engagement, the District could not provide documentation showing the policy was adopted by the District Board and all appropriate personnel had 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."

PIKE COUNTY SOIL AND WATER CONSERVATION DISTRICT  
COMMENTS  
(Continued)

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](#)."



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

PIKE COUNTY SOIL AND WATER CONSERVATION DISTRICT  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2020 and 2021

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20	Receipts	Disbursements	Cash and Investments 12-31-21
General SWCD Account	\$ 81,599	\$ 227,450	\$ 206,861	\$ 102,188	\$ 222,542	\$ 219,853	\$ 104,877
Totals	<u>\$ 81,599</u>	<u>\$ 227,450</u>	<u>\$ 206,861</u>	<u>\$ 102,188</u>	<u>\$ 222,542</u>	<u>\$ 219,853</u>	<u>\$ 104,877</u>

PIKE COUNTY SOIL AND WATER CONSERVATION DISTRICT  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2022 and 2023

Fund	Cash and Investments 01-01-22	Receipts	Disbursements	Cash and Investments 12-31-22	Receipts	Disbursements	Cash and Investments 12-31-23
General SWCD Account	\$ 104,877	\$ 267,671	\$ 272,134	\$ 100,414	\$ 179,021	\$ 92,512	\$ 186,923
Totals	<u>\$ 104,877</u>	<u>\$ 267,671</u>	<u>\$ 272,134</u>	<u>\$ 100,414</u>	<u>\$ 179,021</u>	<u>\$ 92,512</u>	<u>\$ 186,923</u>