

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

COMPLIANCE ENGAGEMENT REPORT

OF

IROQUOIS CONSERVANCY DISTRICT

JASPER COUNTY, INDIANA

January 1, 2019 to December 31, 2023



**FILED**  
05/30/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Dale Lehe (Vacant) Kim DeWees	01-01-19 to 04-17-21 04-18-21 to 06-16-21 06-17-21 to 12-31-24
President of the District Board	Russell Collins	01-01-19 to 12-31-24



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE IROQUOIS CONSERVANCY DISTRICT, JASPER COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Iroquois Conservancy 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 and the January 1, 2021 to December 31, 2023 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.

The January 1, 2019 to December 31, 2020 Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis has not been included in this report due to the issues detailed in the comment *Public Records Retention* 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 Kim DeWees, Treasurer; Russell Collins, President of the District Board; and Dan Blaney, District Board Attorney, on May 23, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

May 9, 2024

## IROQUOIS CONSERVANCY DISTRICT COMMENTS

### **INTERNAL CONTROLS**

#### *Condition and Context*

Internal controls were not in place to ensure compliance with laws and regulations. The lack of internal controls resulted in noncompliance over *Public Records Retention; Prescribed Forms; Condition of Records; Annual Financial Report; Certified Report Filed After Due Date; Monthly and Annual Uploads; Adoption of, and Training on, Internal Control Standards; Certification of Internal Control Standards; and Capital Asset Policy* which are detailed further in the comments below.

#### *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. . . ."

### **PUBLIC RECORDS RETENTION**

#### *Condition and Context*

Records were stored in a barn that caught fire on May 2, 2023, and destroyed the 2019 and 2020 records. As a result, the District was unable to provide detailed ledgers, duplicate check copies, receipts, and invoices for the 2019-2020 calendar years. We reviewed bank statements the District obtained from the depository and District Board minutes that were stored in another location. We will not include the financial statement for the 2019-2020 calendar years within the compliance report as receipts and disbursements could not be verified with supporting documentation.

#### *Criteria*

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)

IROQUOIS CONSERVANCY DISTRICT  
COMMENTS  
(Continued)

**PRESCRIBED FORMS**

*Condition and Context*

The District began maintaining its accounting records using the QuickBooks software program in 2021. This program does not produce reports or other information for the District's financial activity in a manner that would comply with prescribed formats. The program also does not have adequate internal controls built in, nor did the District implement additional internal controls to safeguard financial activity and ensure accurate reporting in the prescribed format.

The following prescribed forms were not in use:

- Ledger of Receipts, Disbursements and Balances (Form 208)
- Ledger of Appropriations, Encumbrances, Disbursements and Balances (Form 209)

*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)

**CONDITION OF RECORDS**

*Condition and Context*

There was a duplicate recording to the ledger for \$45,858 at the end of December 31, 2023, that was corrected in March 2024. Due to this error, the District did not properly reconcile the December 31, 2023 bank depository accounts to the records.

*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."

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 Guidelines Compliance Manual for Special Districts, Chapter 1)

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

In 2023, the District recorded \$45,858 twice into the ledger and was included in the Annual Financial Report (AFR). An adjustment was made to the financial statement and approved by the District. In addition, the District had not filed the AFR timely for 2021 through 2023 and was between 6 to 57 days late.

IROQUOIS CONSERVANCY DISTRICT  
COMMENTS  
(Continued)

*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)

**CERTIFIED REPORT FILED AFTER DUE DATE**

A similar comment also appeared in the prior Noncompliance Management Letter dated November 19, 2019.

*Condition and Context*

The Form 100R is a certified report that shows the names, business addresses, duties, and compensation of all employees, officers, and agents. The Form 100R was filed 60 and 50 days after the due date for 2021 and 2023, respectively. The Form 100R was inaccurate for 2021 as it had not included District Board members that had received compensation.

*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](#)."

**MONTHLY AND ANNUAL UPLOADS**

*Condition and Context*

The District did not upload into the Indiana Gateway for Government Units financial reporting system any of the required monthly and annual files for 2019 through 2023.

The following files and governmental unit information are required to be uploaded monthly:

IROQUOIS CONSERVANCY DISTRICT  
COMMENTS  
(Continued)

- Bank reconcilements
- Bank Statements (effective for the required upload beginning with December 2020 information)
- Outstanding Check Lists (effective for the required upload beginning with December 2020 information)
- Approved board minutes
- Funds ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund (beginning and ending balances effective for the required uploads beginning with December 2020 information)

The following files and governmental unit information are required to be uploaded annually:

- Year-end bank statement (no longer required after 2019 annual uploads)
- Year-end outstanding check list (no longer required after 2019 annual uploads)
- Year-end investment statements
- Detail of receipts for the year
- Detail of disbursements for the year
- Current year salary ordinance (and Amendments effective beginning with annual uploads of 2020 information)
- Annual vendor history report

*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. (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)

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

A similar comment also appeared in the prior Report B53943.

*Condition and Context*

The District had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts. In addition, the District had not completed training on internal control standards as required.

IROQUOIS CONSERVANCY DISTRICT  
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**

*Condition and Context*

The District certified an Internal Control policy was adopted, and training in 2021 and 2022 had been completed, but no policy was adopted and training had not occurred; therefore, the certification was inaccurate.

*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 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](#)."

**CAPITAL ASSETS POLICY**

*Condition and Context*

The District did not have a capital asset policy that details the threshold at which an item is considered a capital asset.

*Criteria*

Every unit must have a capital asset 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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STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH  
AND INVESTMENT BALANCES - REGULATORY BASIS

IROQUOIS CONSERVANCY 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
General Fund	\$ 100,767	\$ 216,576	\$ 126,200	\$ 191,143	\$ 217,575	\$ 70,912	\$ 337,806
Totals	<u>\$ 100,767</u>	<u>\$ 216,576</u>	<u>\$ 126,200</u>	<u>\$ 191,143</u>	<u>\$ 217,575</u>	<u>\$ 70,912</u>	<u>\$ 337,806</u>

IROQUOIS CONSERVANCY DISTRICT  
 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 Fund	\$ 337,805	\$ 215,598	\$ 158,914	\$ 394,489
Totals	<u>\$ 337,805</u>	<u>\$ 215,598</u>	<u>\$ 158,914</u>	<u>\$ 394,489</u>