

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

SHELBY COUNTY RECYCLING DISTRICT

SHELBY COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED
10/21/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Lisa Carpenter	01-01-20 to 12-31-24
Fiscal Officer	Nora VanNatta	01-01-20 to 12-31-24
Chair of the District Board	Tom DeBaun Scott Furgeson	01-01-20 to 12-31-23 01-01-24 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE SHELBY COUNTY RECYCLING DISTRICT, SHELBY COUNTY, INDIANA

This report is supplemental to the audit report of the Shelby County Recycling District (District), for the period from January 1, 2020 to December 31, 2023. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the District. It should be read in conjunction with the Financial Statements Audit Report of the District, which provides our opinions on the District's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

October 3, 2024

SHELBY COUNTY RECYCLING DISTRICT
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

Condition and Context

There were deficiencies in the internal control system of the District related to receipts and financial close and reporting.

Financial Close and Reporting

The District had not established effective internal controls over the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the District's financial statements. The District submitted the financial information into Gateway without an oversight or review process to ensure the accuracy and completeness of the information submitted.

Receipts

The District had not established effective internal controls over receipts. There was no documentation of oversight or review process to ensure receipts were properly recorded.

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. . . ."

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

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. The capital assets information and payables information entered into Gateway contained the following errors:

SHELBY COUNTY RECYCLING DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

Capital Assets

The capital asset information reported for 2020, 2021, 2022, and 2023 did not agree with the District's capital asset listing. At December 31, 2023, there was a variance of \$492,852 due to underreporting of buildings by \$395,000 and machinery, equipment, and vehicles by \$97,852.

Audit adjustments were proposed, accepted, and made to the capital asset information in the AFR and the Schedule of Capital Assets presented in the Financial Statements Audit Report of the District.

Payables

The District did not report any payables for 2020, 2021, 2022, and 2023. The District did have amounts payable at year's end; however, the District did not maintain records for payables, so the amounts could not be determined.

Officials opted to omit the Schedule of Payables and Receivables from the Financial Statements Audit Report of the District.

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](#)."

TRANSACTION REPORTING

Condition and Context

Internal controls were not in place to ensure the District complied with transaction reporting. The District did not maintain a financial ledger that included a detail of receipts, disbursements, and cash and investment balances by fund for the entire audit period.

Criteria

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)

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)

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)

SHELBY COUNTY RECYCLING DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

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SHELBY COUNTY RECYCLING DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2024, with Lisa Carpenter, Director; Nora VanNatta, Fiscal Officer; Scott Furgeson, Chair of the District Board; and Jody Butts, Attorney.