

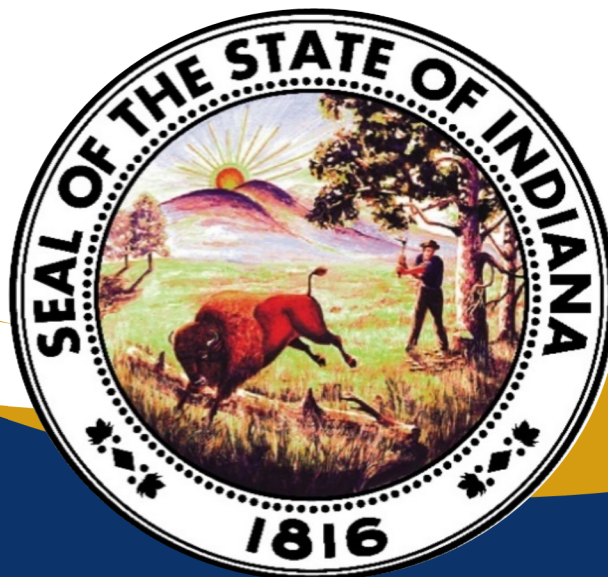
**STATE BOARD OF ACCOUNTS  
302 West Washington Street  
Room E418  
INDIANAPOLIS, INDIANA 46204-2769**

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

COMPLIANCE ENGAGEMENT REPORT  
OF

VIGO COUNTY SOIL AND WATER  
CONSERVATION DISTRICT  
VIGO COUNTY, INDIANA

January 1, 2020 to December 31, 2023



**FILED**  
11/27/2024



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Jan Came	01-01-20 to 10-07-22
	(Vacant)	10-08-22 to 12-31-22
	Brendan Kearns	01-01-23 to 12-31-24
Fiscal Officer	Rebecca Steele	01-01-20 to 07-10-23
	Brendan Kearns (interim)	07-11-23 to 07-31-23
	Laura Tohill	08-01-23 to 12-31-24
Chair of the Board of Supervisors	Phillip C. Carter	01-01-20 to 12-31-24



Paul D. Joyce, CPA  
State Examiner

## INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769  
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TO: THE OFFICIALS OF THE VIGO COUNTY SOIL AND WATER  
CONSERVATION DISTRICT, VIGO COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Vigo 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 Brendan Kearns, Executive Director; Laura Tohill, Fiscal Officer; and Phillip C. Carter, Chair of the Board of Supervisors, on October 24, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

October 22, 2024

VIGO COUNTY SOIL AND WATER CONSERVATION DISTRICT  
COMMENTS

**ADVANCE PAYMENTS AND SUPPORTING DOCUMENTATION**

*Condition and Context*

Internal controls were not in place to ensure adequate supporting documentation of the District's annual overtime compensation (stipend).

The District's Board of Supervisors approved a \$3,000 stipend annually in its District Board minutes to "supplement employee pay for time worked over regular business hours"; however, the stipend was approved at the beginning of the year before the work for that year was completed. Additionally, the District did not provide supporting documentation to show who received the payments each engagement year, as the related checks were made payable to Vigo County. Employees of the District were included in the payroll of Vigo County. The District then reimbursed the County for payroll expenses.

*Criteria*

Indiana Code 5-7-3-1(a) states: "Public officers may not draw or receive their salaries in advance."

Compensation and any other payments for goods and services must not be paid in advance of receipt of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received 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)

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. . . ."

VIGO COUNTY SOIL AND WATER CONSERVATION DISTRICT  
COMMENTS  
(Continued)

**ANNUAL FINANCIAL REPORT**

The same comment also appeared in prior Reports B46728 and B55687.

*Condition and Context*

Internal controls were not in place to ensure accurate reporting of cash and investments in the District's Annual Financial Report (AFR).

The District reported investment activity in both the cash fund statement and the investment statement sections of the AFR leading to the beginning cash and investment balances reported on the combined statement (i.e., financial statement) to be twice as much as the actual cash and investments held by the District. This resulted in an overstatement of beginning cash and investment balances of \$81,492.

*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 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 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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**BANK ACCOUNT RECONCILIATIONS**

*Condition and Context*

Internal controls were not in place to ensure timely and accurate reconciliation of the District's funds.

VIGO COUNTY SOIL AND WATER CONSERVATION DISTRICT  
COMMENTS  
(Continued)

Depository reconciliations of the District's fund balances to its depository account balances were not performed timely from July through December 2023. Additionally, a 2023 year-end bank account reconciliation was not provided for examination, and the District had not reconciled its ledgers to the ending cash and investments balance reported in its Annual Financial Report as of December 31, 2023.

A combined year-end bank account reconciliation was performed as an audit procedure, and the ending cash and investments balances were \$813, \$1,050, and \$1,051 less than the adjusted bank balance (cash long) as of December 31, 2020, 2021, and 2022, respectively, and \$1,223 more than the adjusted bank balance (cash short) as of December 31, 2023.

*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."

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)

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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**CAPITAL ASSETS**

*Condition and Context*

Internal controls were not in place to ensure compliance with requirements related to capital assets.

The District had not adopted a capital assets policy establishing a threshold for capital assets. In addition, the District had not conducted a physical inventory or kept subsidiary, detailed records to support the \$38,958 in capital assets reported in its Annual Financial Reports.

VIGO 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)

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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**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

The same comment also appeared in prior Report B55687.

*Condition and Context*

Internal controls were not in place to ensure accurate certification on internal control standards in the District's Annual Financial Reports (AFRs).

The District incorrectly certified on its 2020, 2021, 2022, and 2023 AFRs 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's Executive Director indicated that all required personnel had not received training concerning the internal control standards until subsequent the engagement period.

*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 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](#)."

VIGO COUNTY SOIL AND WATER CONSERVATION DISTRICT  
COMMENTS  
(Continued)

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## **ERRORS ON CLAIMS**

### *Condition and Context*

Internal controls were not in place to ensure compliance related to vendor disbursements.

We conducted a test of 20 vendor related disbursements (claims), 5 of which (25%) did not include adequate supporting documentation, such as a bill or itemized invoice. This included \$250 in gift cards purchased in 2021.

Additionally, 7 of the 20 claims tested (35%) lacked documentation of approval by the District's Board of Supervisors, and 3 of 20 claims tested (15%) were not filed with and certified by the fiscal officer on the related claims' Accounts Payable Voucher.

### *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;

VIGO COUNTY SOIL AND WATER CONSERVATION DISTRICT  
COMMENTS  
(Continued)

- (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)

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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.

The District had not uploaded all required monthly and annual engagement uploads for 2023 into the Indiana Gateway for Government Units (Gateway) financial reporting system, as required by Amended State Examiner Directive 2018-1. Required monthly uploads of bank statements, bank reconciliations, and District Board minutes were not uploaded monthly from July 2023 through December 2023. Additionally, none of the required annual uploads were uploaded to Gateway for 2023.

### *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)

VIGO COUNTY SOIL AND WATER CONSERVATION DISTRICT  
COMMENTS  
(Continued)

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)

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

VIGO 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 Fund	\$ 20,532	\$ 23,512	\$ 20,023	\$ 24,021	\$ 52,304	\$ 39,231	\$ 37,094
Miller Conservation Trust CDs	10,000	52	52	10,000	46	46	10,000
Hill CD	8,073	77	77	8,073	28	28	8,073
Donnelly Soil Conservation Trust	2,550	20	20	2,550	16	16	2,550
Deutsch Conservation Education Trust	10,000	55	55	10,000	55	55	10,000
Miller Trust Savings	350	150	-	500	136	-	636
Hill Savings	21,237	88	-	21,325	34	-	21,359
SWCD Savings	8,750	22	22	8,750	18	18	8,750
Totals	<u>\$ 81,492</u>	<u>\$ 23,976</u>	<u>\$ 20,249</u>	<u>\$ 85,219</u>	<u>\$ 52,637</u>	<u>\$ 39,394</u>	<u>\$ 98,462</u>

VIGO 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 Fund	\$ 37,094	\$ 86,442	\$ 47,191	\$ 76,345	\$ 31,948	\$ 58,146	\$ 50,147
Miller Conservation Trust CDs	10,000	50	50	10,000	107	107	10,000
Hill CD	8,073	12	12	8,073	14	14	8,073
Donnelly Soil Conservation Trust	2,550	10	10	2,550	8	8	2,550
Deutsch Conservation Education Trust	10,000	55	55	10,000	35	35	10,000
Miller Trust Savings	636	133	-	769	108	-	877
Hill Savings	21,359	19	-	21,378	19	-	21,397
SWCD Savings	8,750	18	18	8,750	58	-	8,808
Totals	<u>\$ 98,462</u>	<u>\$ 86,739</u>	<u>\$ 47,336</u>	<u>\$ 137,865</u>	<u>\$ 32,297</u>	<u>\$ 58,310</u>	<u>\$ 111,852</u>



## Vigo County Soil and Water Conservation District

**Brendan Kearns**  
*Executive Director*  
812-236-3048 Cell  
Brendan.Kearns@VigoCounty.in.gov

3241 S. 3rd Place  
Terre Haute, IN 47802  
812-232-0193 ext. 3

### OFFICIAL RESPONSE

Date: October 31, 2024

Indiana State Board of Accounts  
302 West Washington St. Room E418  
Indianapolis, IN 46204-2765

Re: Vigo County Soil and Water Conservation District 2024 Audit

*The Vigo County SWCD thanks the ISBA for their time and expertise during our 2024 Audit. As requested and noted in our exit conference conducted on October 24, 2024, the Vigo SWCD is responding to a few of the items that were addressed.*

*Processes have been put in place to ensure monthly uploading of financials to gateway regardless if a board meeting has quorum. We often have challenges getting quorum, particularly during farming season. If a monthly meeting is missed, then that month's financials will be approved at the next monthly meeting opportunity.*

A handwritten signature in blue ink that reads "Brendan Kearns".

**Brendan Kearns**  
Executive Director, Vigo County SWCD