

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

MONTGOMERY COUNTY SOLID WASTE MANAGEMENT DISTRICT

MONTGOMERY COUNTY, INDIANA

January 1, 2021 to December 31, 2024



**FILED**

04/14/2025



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Jennifer Andel Mindy Byers	01-01-21 to 12-31-22 01-01-23 to 12-31-25
Chair of the District Board	Dan Guard	01-01-21 to 12-31-25



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## INDIANA STATE BOARD OF ACCOUNTS

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Montgomery County Solid Waste Management District (District), for the period of January 1, 2021 to December 31, 2024. 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 Jennifer Andel, former Controller; Dan Guard, Chair of the District Board; Mayor Todd Barton, Vice Chair of the District Board; Stan Hamilton, District Board member; Robert Cox, District Board member; and Tom Klein, County Administrator, on March 20, 2025.



Beth Kelley, CPA, CFE  
Deputy State Examiner

March 13, 2025

MONTGOMERY COUNTY SOLID WASTE MANAGEMENT DISTRICT  
COMMENTS

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

Financial, supplemental, and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units financial reporting system. Internal controls were not in place to ensure the District filed accurate information in the AFR. The Schedule of Payables and Receivables was overstated by \$53,500 for December 31, 2020, December 31, 2023, and December 31, 2024.

*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 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. . . ."

**ERRORS ON CLAIMS**

*Condition and Context*

Internal controls were not in place to ensure that the District disbursements were properly processed and approved prior to payment or that overpayments to vendors were subsequently pursued and collected.

- Two of the twenty vendor disbursements reviewed were not certified and approved by the fiscal officer on the claim prior to payment.

MONTGOMERY COUNTY SOLID WASTE MANAGEMENT DISTRICT  
COMMENTS  
(Continued)

- Two of the twenty vendor disbursements reviewed were not approved by the District Board on the claim prior to payment.
- There was one disbursement dated September 12, 2022, that was paid with ACH #221015 to NuGenesis in the amount of \$30,500. However, the invoice attached to the claim dated July 13, 2022, was for \$30,050. As a result, the District overpaid the vendor in the amount of \$450. The error was not detected or corrected in subsequent months.

*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.
- (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. . . ."

Units must collect any overpayments made. (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. . . ."

MONTGOMERY COUNTY SOLID WASTE MANAGEMENT DISTRICT  
COMMENTS  
(Continued)

**CONTRACTS**

*Condition and Context*

Internal controls were not in place to ensure payments received for contractual services were supported by a written contract. \$27,000 was received twice a year from the City of Crawfordsville to assist with funding of the District without a written contract in place for 2023 and 2024.

*Criteria*

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (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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**ADOPTION OF INTERNAL CONTROL STANDARDS**

*Condition and Context*

Internal controls were not in place to ensure that the District complied with laws regarding internal controls. The District had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts.

*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:

MONTGOMERY COUNTY SOLID WASTE MANAGEMENT DISTRICT  
COMMENTS  
(Continued)

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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*

Internal controls were not in place to ensure that the District complied with laws regarding information entered into the Annual Financial Report. The District's certification on internal control standards was not made correctly on the Indiana Gateway for Government Units (Gateway) financial reporting system for 2021, 2022, and 2023. The certification asserts that the District had adopted internal control standards; however, the District had not adopted internal control standards. The District certified on Gateway for 2024 that the District had not provided personnel with training over the minimum internal control standards when all required personnel had received the training.

#### *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:

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MONTGOMERY COUNTY SOLID WASTE MANAGEMENT DISTRICT  
COMMENTS  
(Continued)

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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](#)."

## **MONTHLY AND ANNUAL UPLOADS**

### *Condition and Context*

The District had not designed or implemented internal controls to ensure that the proper documentation was uploaded to the Indiana Gateway for Government Units (Gateway) financial reporting system on a monthly and annual basis.

The files and governmental unit information that are required to be uploaded monthly include the funds ledgers, summarizing total receipts, disbursements, and balances by fund, bank statements, bank reconciliations, outstanding checklists, and approved District Board minutes.

Annual upload requirements include the year-end investments, detail of receipt activity, detail of disbursement activity, current year salary ordinance, an annual vendor history report, annual funds ledger, and annual payroll history report without social security numbers.

For the period of January 2021 to December 2024, the following information was not uploaded to Gateway:

- The District Board meeting minutes were missing from January 25, 2021, June 14, 2021, July 19, 2021, January 24, 2022, July 11, 2022, May 22, 2023, August 28, 2023, November 27, 2023, December 20, 2023, May 28, 2024, and November 25, 2024.
- The fund ledger for December 2024.
- The detail of receipts activity for the year, detail of disbursements activity for the year, annual vendor history report, and annual funds ledger (summarizing year-to-date total receipts, year-to-date disbursements, beginning and ending balances by fund) for January to December 2024.

### *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)

MONTGOMERY COUNTY SOLID WASTE MANAGEMENT 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)

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## **CAPITAL ASSETS**

### *Condition and Context*

Internal controls were not in place to ensure the District complied with requirements regarding capital assets. The District had not established a capital assets policy that included a threshold at which an item is considered a capital asset.

### *Criteria*

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. (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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MONTGOMERY COUNTY SOLID WASTE MANAGEMENT DISTRICT  
COMMENTS  
(Continued)

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

MONTGOMERY COUNTY SOLID WASTE MANAGEMENT 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
Solid Waste Management Fund	\$ -	\$ 107,012	\$ 104,558	\$ 2,454	\$ 107,017	\$ 99,486	\$ 9,985
Totals	<u>\$ -</u>	<u>\$ 107,012</u>	<u>\$ 104,558</u>	<u>\$ 2,454</u>	<u>\$ 107,017</u>	<u>\$ 99,486</u>	<u>\$ 9,985</u>

MONTGOMERY COUNTY SOLID WASTE MANAGEMENT DISTRICT  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2023 and 2024

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23	Receipts	Disbursements	Cash and Investments 12-31-24
Solid Waste Management Fund	\$ 9,985	\$ 107,029	\$ 91,394	\$ 25,620	\$ 107,045	\$ 123,918	\$ 8,747
Totals	<u>\$ 9,985</u>	<u>\$ 107,029</u>	<u>\$ 91,394</u>	<u>\$ 25,620</u>	<u>\$ 107,045</u>	<u>\$ 123,918</u>	<u>\$ 8,747</u>