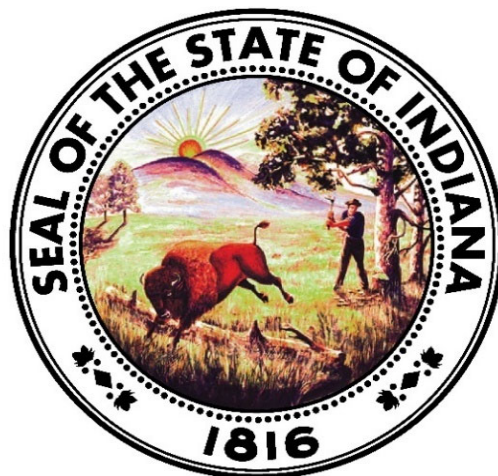


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

SUPPLEMENTAL COMPLIANCE REPORT
OF
HELMSBURG REGIONAL SEWER DISTRICT
BROWN COUNTY, INDIANA
January 1, 2022 to December 31, 2023



FILED
07/03/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the District Board	Brian Webb	01-01-22 to 12-31-24
Treasurer	Kyle Myers	01-01-22 to 12-31-24
Secretary	Sandra Higgins	01-01-22 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE HELMSBURG REGIONAL SEWER
DISTRICT, BROWN COUNTY, INDIANA

This report is supplemental to the audit report of the Helmsburg Regional Sewer District (District), for the period from January 1, 2022 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 Statement Audit Report of the District, which provides our opinions on the District's financial statement. 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

June 19, 2024

HELMSBURG REGIONAL SEWER DISTRICT
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER ANNUAL FINANCIAL REPORT

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 District had not established effective internal controls over the AFR information entered into Gateway, which resulted in the following errors:

Capital Assets

The District presented a Capital Asset record; however, the information did not agree to the Schedule of Capital Assets reported with the AFR. The capital asset record reported replacement cost rather than original cost. Therefore, due to a lack of internal controls, the Schedule of Capital Assets reported with the AFR was not verifiable.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial report 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](#)."

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. . . ."

SUPPORTING DOCUMENTATION

The same comment appeared in prior Report B60761, entitled *SUPPORTING DOCUMENTATION*.

HELMSBURG REGIONAL SEWER DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

Condition and Context

The District did not provide an invoice, contract, and/or any type of supporting documentation for 22 of the 95 disbursements tested.

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)

SALES TAX PAID ON PURCHASES

Condition and Context

The District paid sales taxes on 12 of the 95 disbursements tested. The amount of sales tax paid was \$371.

Criteria

Sales taxes that are paid on qualifying purchases 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)

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS

Condition and Context

There were deficiencies in the internal control system of the District related to cash and investments. The District had established internal controls which included review of the individual in charge of completing the bank reconciliations. The contracted accountant completed the monthly bank reconciliation for the District Board; however, there was no physical evidence of the District Board's review.

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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HELMSBURG REGIONAL SEWER DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

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HELMSBURG REGIONAL SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on June 19, 2024, with Sandra Higgins, Secretary; Kyle Myers, Treasurer; and Brian Webb, President of the District Board.