

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

SUPPLEMENTAL COMPLIANCE REPORT
OF

IRELAND-MADISON TOWNSHIP
CONSERVANCY DISTRICT
DUBOIS COUNTY, INDIANA

January 1, 2011 to December 31, 2016



FILED
09/29/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Gene Mehringer Jeffrey G. Schitter Thomas A. Schum	01-01-11 to 08-15-11 08-16-11 to 06-17-13 06-18-13 to 12-31-17
President of the Board	Thomas A. Schum Jeffrey G. Schitter	01-01-11 to 06-17-13 06-18-13 to 12-31-17



STATE OF INDIANA
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TO: THE OFFICIALS OF THE IRELAND-MADISON TOWNSHIP
CONSERVANCY DISTRICT, DUBOIS COUNTY, INDIANA

This report is supplemental to our examination report of the Ireland-Madison Township Conservancy District (District), for the period from January 1, 2011 to December 31, 2016. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the District. It should be read in conjunction with our Financial Statements Examination Report of the District, which provides our opinion 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 Examination Result and Comment contained herein describe the identified reportable instance 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 Examination Result and Comment, incorporated within this report, was not verified for accuracy.

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

August 31, 2017

IRELAND-MADISON TOWNSHIP CONSERVANCY DISTRICT
EXAMINATION RESULT AND COMMENT

INTERNAL CONTROLS

Internal controls over the utility billing and collections were insufficient. The District contracted with a third-party to handle the billing and collecting for all utility customers. Each day's utility collections were deposited into the District's bank account by the third-party. The District did not perform any oversight or review of the billing and collecting procedures being performed by the third-party.

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. . . ."

IRELAND-MADISON TOWNSHIP CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on August 31, 2017, with Jeffrey G. Schitter, President of the Board; Martha Jane Tucker, Board member; Gene Mehringer, Board member; and Mary Ann Weisheit, Bookkeeper.