

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BASS LAKE CONSERVANCY DISTRICT

STARKE COUNTY, INDIANA

January 1, 2012 to December 31, 2016



FILED
10/26/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Examination Result and Comment: Internal Controls	4
Exit Conference.....	5

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Patti Bush (Vacant)	01-01-12 to 02-06-15 02-07-15 to 12-31-16
Financial Clerk	Patti Bush Mariann Gappa	01-01-12 to 08-03-14 08-04-14 to 12-31-17
President of the Board	Bob Lorenz Eugene Novello	04-12-11 to 07-09-12 07-10-12 to 06-30-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE BASS LAKE CONSERVANCY DISTRICT, STARKE COUNTY, INDIANA

This report is supplemental to our examination report of the Bass Lake Conservancy District (District), for the period from January 1, 2012 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 describes 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

BASS LAKE CONSERVANCY DISTRICT
EXAMINATION RESULT AND COMMENT

INTERNAL CONTROLS

Control activities should be selected and developed at various levels to reduce risks of error and/or fraud of the financial statements. The District had not separated incompatible activities related to all areas of the financial statements. The failure to establish these controls could enable material misstatements to be undetected.

The District contracted with an independent accounting firm to prepare the financial statements; however, there is no evidence of an oversight, review, or approval process to ensure the financial statements were accurate.

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. . . ."

BASS LAKE CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on August 31, 2017, with Eugene Novello, President of the Board; Russell A. Blais, Director; Mariann Gappa, Financial Clerk; and Tom Jordan, Plant Manager.