

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF

ANDERSON TOWNSHIP REGIONAL  
WATER AND SEWER DISTRICT  
RUSH COUNTY, INDIANA

January 1, 2012 to December 31, 2017



**FILED**  
12/14/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Superintendent	Joe Christmas	01-01-12 to 12-31-18
Treasurer	Craig Duncan Amanda Christmas	01-01-12 to 12-31-17 01-01-18 to 12-31-18
President of the District Board	Craig Solmon David Young	01-01-12 to 12-31-17 01-01-18 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE ANDERSON TOWNSHIP REGIONAL  
WATER AND SEWER DISTRICT, RUSH COUNTY, INDIANA

This report is supplemental to our audit report of the Anderson Township Regional Water and Sewer District (District), for the period from January 1, 2012 to December 31, 2017. 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 our Financial Statements Audit Report of the District, which provides our opinion on the District's financial statements. This report may be found at [www.in.gov/sboa/](http://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.

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

October 31, 2018

ANDERSON TOWNSHIP REGIONAL WATER AND SEWER DISTRICT  
AUDIT RESULTS AND COMMENTS

***UNDEPOSITED CASH RECEIPTS***

In 2013, the District identified \$6,107 in cash receipts collected from September 2012 to February 2013 that were not deposited. On March 11, 2013, the former Office Secretary, who was employed during this time period, signed a letter of agreement to repay the total missing cash deposits. In March 2013, \$6,107 was reimbursed in full to the District.

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any official or employee may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

Tickets, goods for sale, billings, and other collections, are considered accountable items for which a corresponding deposit must be made in the bank accounts of the unit. The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payers. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

***INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

The District did not have a proper system of internal controls in place related to financial transactions and reporting. The District did not provide documentation that they had separated incompatible activities related to receipts and financial reporting.

*Receipts*

A verification of receipts to deposits was performed by someone other than the employee responsible for issuing receipts and preparing the deposits. However, that verification was not documented.

*Financial Reporting*

One individual was primarily responsible for preparing and submitting the annual financial information in the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Reports (AFR) and financial statements. There was no documentation of a control in place, such as an oversight, review, or approval process to ensure that the information submitted was 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:

ANDERSON TOWNSHIP REGIONAL WATER AND SEWER DISTRICT  
AUDIT RESULTS AND COMMENTS  
(Continued)

"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. . . ."

***ADOPTION AND CERTIFICATION OF INTERNAL CONTROL STANDARDS***

The District did not adopt the minimum level of internal control standards as required by statute, nor provide training to personnel. The District incorrectly certified on the AFRs for 2016 and 2017 that they had adopted the standards and provided training.

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."

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

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports 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](#)."

**Anderson Township Regional Sewer District**

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**OFFICIAL RESPONSE**

**UNDEPOSITED CASH RECEIPTS**

This issue was discovered and repaid in 2013.

**INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

The Office Manager will document all verifications of control activities starting immediately.

**ADOPTION AND CERTIFICATION OF INTERNAL CONTROL STANDARDS**

The Internal Control Standards were examined and studied in November and December of 2017. They were discussed at the January 2018 Board Meeting and the Board was given information concerning them. However, we did not vote and adopt them. We will discuss the Internal Control Standards at the November 8, 2018 ATRSD Board Meeting and will vote and adopt them.

Dave Jouny  
(Signature)

President of ATRSD Board  
(Title)

10/31/18  
(Date)

Jenit Christmas  
(Signature)

Office Supervisor  
(Title)

10/31/18  
(Date)

ANDERSON TOWNSHIP REGIONAL WATER AND SEWER DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on October 31, 2018, with David Young, President of the District Board; Amanda Christmas, Treasurer; Janet Christmas, Office Manager; and Samantha Day, Office Secretary.