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

SUPPLEMENTAL COMPLIANCE REPORT

OF

HONEY CREEK-VIGO CONSERVANCY DISTRICT

VIGO COUNTY, INDIANA

January 1, 2012 to December 31, 2017

FILED
12/14/2018

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SCHEDULE OF OFFICIALS

Office	Official	Term
Financial Clerk	Jane A. Hadley	01-01-12 to 12-31-18
President of the District Board	Richard K. Jenkins	01-01-12 to 12-31-18

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE HONEY CREEK-VIGO CONSERVANCY DISTRICT, VIGO COUNTY, INDIANA

This report is supplemental to our audit report of the Honey Creek-Vigo Conservancy 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 opinions 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 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

INTERNAL CONTROLS

The District had not established an adequate internal control structure related to financial transactions and reporting. The District had not separated incompatible activities related to all areas of the financial statements, including cash and investments, receipts, disbursements, and financial reporting. The Financial Clerk performed all accounting functions without an oversight, review, or approval process. The failure to establish these controls could have enabled material misstatements to occur and remain undetected.

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. . . ."

ADOPTION AND TRAINING ON INTERNAL CONTROL STANDARDS

The District failed to adopt internal control standards as required by Indiana Code 5-11-1-27(g); therefore, District personnel were not trained on internal controls as required.

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."

ERRORS ON CLAIMS

None of the accounts payable vouchers (APV) tested were approved by the fiscal officer or the governing board. In addition:

- Two percent of APVs tested were not recorded timely.
- Two percent of APVs tested did not have a supporting documentation.
- Fifty-two percent of the disbursement did not have an accounts payable voucher.

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; and

(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. . . ."

HONEY CREEK-VIGO CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on October 31, 2018, with Jane A. Hadley, Financial Clerk, and Richard K. Jenkins, President of the District Board.