

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
PRAIRIE 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

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Barrett Piety	01-01-12 to 12-31-18
President of the District Board	Fred Wilson, III	01-01-12 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of the Prairie 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 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 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

November 1, 2018

PRAIRIE CREEK-VIGO CONSERVANCY DISTRICT
AUDIT RESULTS AND COMMENTS

TRAINING ON INTERNAL CONTROL STANDARDS

The District did not train all personal concerning internal control standards.

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

CERTIFICATION OF INTERNAL CONTROL STANDARDS

The Bookkeeper indicated on the Annual Financial Report (AFR) for 2016 and 2017, that personnel required to be trained on internal controls received training. However, evidence was not presented that all personnel required to receive training received it. Therefore, the AFR submitted for 2016 and 2017 was incorrect.

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](#)."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The same comment also appeared in prior Report B41933.

District Board members were paid \$50 for each meeting they attended. Federal and state taxes were not withheld. District Board members were not issued Internal Revenue Service (IRS) Wage and Tax Statement, Form W-2.

The Bookkeeper received compensation in the annual amount of \$700. Federal and state taxes were not withheld. The Bookkeeper was not issued IRS Wage and Tax Statement, Form W-2, but instead received an IRS Miscellaneous Income, Form 1099-MISC.

PRAIRIE CREEK-VIGO CONSERVANCY DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

INTERNAL CONTROLS

There were deficiencies in the internal control system of the District related to all areas of the financial statements. The failure to establish and maintain internal controls enabled material misstatements or irregularities to remain undetected.

The Bookkeeper performed all functions of daily activity for the District. The Bookkeeper reconciled the bank statement, posted the receipts, wrote the checks, and input all data into the Indiana Gateway for Government Units system for the AFR. There was no evidence of controls, such as an oversight, review, or approval process.

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. . . ."

PRAIRIE CREEK-VIGO CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on November 1, 2018, with Fred Wilson III, President of the District Board, and Jan Came, Bookkeeper.