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January 11, 2019

Board of Trustees
Brookville Lake Regional Waste District
21 E. Union St
Liberty, IN 47353

This report is supplemental to the audit report of the Brookville Lake Regional Waste District (District), for the period from January 1, 2015 to December 31, 2017. It has been provided as a separate report so that the reader may easily identify any Examination Findings that pertain to the District. It should be read in conjunction with the financial statement audit report of the District, which provides an 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 engaged private examiners under our review to perform the audit of the District and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the Supplemental Audit Report for Brookville Lake Regional Waste District prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2015 to December 31, 2017. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report. Page 3 contains two Examination Findings and Results. Management's response may be found on page 5.

The report is filed with this letter in our office as a matter of public record.

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

**COMPLIANCE EXAMINATION OF
BROOKVILLE LAKE REGIONAL WASTE DISTRICT**
Franklin County, Indiana
January 1, 2015 to December 31, 2017

BROOKVILLE LAKE REGIONAL WASTE DISTRICT
Franklin County, Indiana
January 1, 2015 to December 31, 2017

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BROOKVILLE LAKE REGIONAL WASTE DISTRICT
SCHEDULE OF OFFICIALS
January 1, 2015 to December 31, 2017

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Fred C. (Ted) Stubbs	01-01-15 to 12-31-17
Treasurer	Sara Weisbrodt	01-01-15 to 12-31-17
President of the Board	Jeff Tebbe	01-01-15 to 12-31-17

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of Brookville Lake Regional Waste District

We have examined Brookville Lake Regional Waste District's ("Unit") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts* during the period January 1, 2015, to December 31, 2017. Management of the Unit is responsible for the Unit's compliance with the specified requirements. Our responsibility is to express an opinion on the Unit's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Unit complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Unit complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

Our examination does not provide a legal determination on the Unit's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Special Districts* applicable to the Unit during the period January 1, 2015 to December 31, 2017, as described in items 2018-001 and 2018-002 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Unit complied, in all material respects, with the aforementioned requirements during the period January 1, 2015 to December 31, 2017.

The Unit's responses to the findings identified in our examination are described in the accompanying Schedule of Examination Findings and Results. The Unit's responses were not subjected to the procedures applied in the examination of compliance and, accordingly, we express no opinion on them.


Crowe LLP

Indianapolis, Indiana
November 9, 2018

BROOKVILLE LAKE REGIONAL WASTE DISTRICT
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2015 to December 31, 2017

FINDING 2018-001: BANK ACCOUNT RECONCILIATION REVIEW

Criteria: Indiana Code 5-13-6-1(e) states, "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

Condition: During testing, we noted the Unit did prepare bank reconciliations on at least a monthly basis. The bank reconciliations are prepared by the Office Manager and provided to the District Manager for review. The District Manager informally reviews these reconciliations on a monthly basis. However, we noted no formal documented review process over these reconciliations.

FINDING 2018-002: MINIMUM LEVEL OF INTERNAL CONTROLS

Criteria: 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.*"

Condition: During testing, we noted the Unit has no formal documentation of the implementation of a minimum level of internal controls standards.

BROOKVILLE LAKE REGIONAL WASTE DISTRICT
EXIT CONFERENCE
January 1, 2015 to December 31, 2017

The contents of this report were discussed on November 9, 2018, with Ted Stubbs, District Manager, Nancy Giffen, Office Manager and Duane Marker, Vice-President. The officials acknowledged the findings. The Official Response has been made a part of this report and may be found immediately following the findings on the previous page.

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November 13, 2018

Compliance Audit and Findings

Finding 2018-001: Bank Account Reconciliation Review

Condition: During testing, we noted the Unit did prepare bank reconciliations on at least a monthly basis. The bank reconciliations are prepared by the Office Manager and provided to the District Manager for review. The District Manager informally reviews these reconciliations on a monthly basis. However, we noted no formal documented review process over these reconciliations.

As stated in the comment, a review of monthly reconciliations was taking place but they were not initialed when the review had been completed. The District will take the necessary action to ensure a formal process is in place indicating the review has been completed.

Finding 2018-002: Minimum Level of Internal Controls

Condition: During testing, we noted the Unit has no formal documentation of the implementation of a minimum level of internal controls standards.

Consistent with State requirements the District adopted Resolution 2016-04ICP: A RESOLUTION ADOPTING MINIMUM INTERNAL CONTROL STANDARDS AND PROCEDURES. The resolution adopted the State Board of Accounts Uniform Internal Control Standards for Indiana Political Subdivisions. A level of internal controls has always existed but a policy specific to the District had not been created in writing. The District will take steps to develop written internal control standards specific to the District.

Respectfully,



Fred C. (Ted) Stubbs, District Manager
Brookville Lake Regional Waste District