



STATE OF INDIANA
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March 11, 2019

Board of Trustees
Western Wayne Regional Sewage District
200 S Plum St
Cambridge City, IN 47327

This report is supplemental to the audit report of the Western Wayne Regional Sewage District (District), for the period from January 1, 2013 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 Western Wayne Regional Sewage District prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2013 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. Pages 3 through 4 contain five Examination Findings and Results.

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

Paul D. Joyce, CPA
State Examiner

**COMPLIANCE EXAMINATION OF
WESTERN WAYNE REGIONAL SEWAGE DISTRICT**

Wayne County, Indiana
January 1, 2013 to December 31, 2017

WESTERN WAYNE REGIONAL SEWAGE DISTRICT

Wayne County, Indiana
January 1, 2013 to December 31, 2017

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WESTERN WAYNE REGIONAL SEWAGE DISTRICT
SCHEDULE OF OFFICIALS
January 1, 2013 to December 31, 2017

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Gary Rubendall	01-01-13 to 12-31-17
President of the Board	Waunalea Dungan	01-01-13 to 12-31-13
	Susie Dungan	01-01-14 to 12-31-17

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of Western Wayne Regional Sewage District

We have examined Western Wayne Regional Sewage 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, 2013 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, 2013 to December 31, 2017, as described in items 2018-001, 2018-002, 2018-003, 2018-004 and 2018-005 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, 2013 to December 31, 2017.


Crowe LLP

Indianapolis, Indiana
December 21, 2018

WESTERN WAYNE REGIONAL SEWAGE DISTRICT
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2013 to December 31, 2017

FINDING 2018-001: REVIEW OF DISBURSEMENTS

Criteria: 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. . . ."

Condition: During testing, we noted that disbursements are not signed off by the Superintendent, who prepares them, and are not formally reviewed. The AP vouchers are approved by the Board in total at their monthly meeting.

FINDING 2018-002: DISBURSEMENT RECONCILIATION

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual states in part, "Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee."

Condition: During testing, we noted the check registers for each year do not tie to the amounts listed as disbursed in Gateway. As we were able to materially confirm the ending cash balances through substantive testing procedures, we have passed on posting any adjusting entries. For each year, we have excluded interfund transfer activity when comparing the check register to the Annual Financial Report. In each of the years listed below, disbursements on the Annual Financial Report exceeded the check register by:

- 2015: \$435,736
- 2017: \$14,268

In each of the years listed below, the check registers exceeded disbursements on the Annual Financial Report by:

- 2013: \$53,300
- 2014: \$74,270
- 2016: \$44,033

FINDING 2018-003: PAYROLL SALARY ORDINANCES

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual states in part, "All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements."

Condition: During testing, we noted that the Unit has not authorized employee salaries through a contract or salary ordinance.

WESTERN WAYNE REGIONAL SEWAGE DISTRICT
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2013 to December 31, 2017

FINDING 2018-004: PAYROLL TIME CARDS

Criteria: Indiana Code 5-11-9-4(b) states in part, *"The state board of accounts shall require that records be maintained showing which hours are worked each day by officers and employees."*

Condition: During testing of payroll, we noted that time cards were not reviewed by an employee's supervisor. Additionally, the Unit did not begin using time cards until 2015.

FINDING 2018-005: 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 that the Unit has no formal documentation of the implementation of a minimum level of internal controls standards.

WESTERN WAYNE REGIONAL SEWAGE DISTRICT
EXIT CONFERENCE
January 1, 2013 to December 31, 2017

The contents of this report were discussed on December 21, 2018, with Thomas Lee, President of the Board, and Bethany Browning, External Accountant. The officials acknowledged the findings.