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April 10, 2019

Board of Trustees
Summit Springs Regional Waste District
P.O. Box 56
Sulphur Springs, IN 47388

This report is supplemental to the audit report of the Summit Springs 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 Summit Springs 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
SUMMIT SPRINGS REGIONAL WASTE DISTRICT**

Henry County, Indiana
January 1, 2015 to December 31, 2017

SUMMIT SPRINGS REGIONAL WASTE DISTRICT

Henry County, Indiana
January 1, 2015 to December 31, 2017

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SUMMIT SPRINGS REGIONAL WASTE DISTRICT
SCHEDULE OF OFFICIALS
January 1, 2015 to December 31, 2017

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Patricia Yapp	01-01-15 to 12-31-17
President of the Board	Betty Gipe	01-01-15 to 12-31-17

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of Summit Springs Regional Waste District

We have examined Summit Springs 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
December 21, 2018

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

FINDING 2018-001: SEGREGATION OF DUTIES

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: "*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 did not have adequate segregation of duties in the cash receipts cycle as the Treasurer performs all billing and cash collection activities.

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 that the Unit did not have formal documentation regarding the implementation of the minimum level of internal controls.

SUMMIT SPRINGS REGIONAL WASTE DISTRICT
EXIT CONFERENCE
January 1, 2015 to December 31, 2017

The contents of this report were discussed on December 21, 2018, with Patricia Yapp, Treasurer, Betty Gipe, Board President, Don Swoveland, Board Vice President, and Greg Yapp, Board Member. 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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Preliminary Corrective Action Plan

December 27, 2018

As per our exit conference call with Lauren Markley on December 21, 2018, we are submitting a Preliminary Corrective Action Plan within ten days. As per Mrs. Markley's approval, when the District board meets on January 15, 2019, the board will discuss the items we need to correct and make decisions on how they will be corrected. At that time, a Corrective Action Plan will be submitted following the board meeting.

The following items will be addressed:

Disbursements - The secretary/treasurer has board approval to pay bills before the board meeting as per a policy set up when the District was founded in 1980. The original policy that the board adheres to has been missing for years, so a new policy will be done.

Segregation of duties - Since the secretary/treasurer is the only person who handles the finances and there is no money to hire anyone else, the board can approve to continue to do it this way. This approval will be put into the Corrective Action Plan as well as the January board minutes.

Sincerely,

Patricia Yapp
Secretary/Treasurer