

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF

TELEGRAPH HILL-RYKERS RIDGE  
REGIONAL SEWER DISTRICT  
JEFFERSON COUNTY, INDIANA

January 1, 2016 to December 31, 2018



**FILED**  
12/13/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	(Vacant) Susan Culbreth	01-01-16 to 03-21-16 03-22-16 to 12-31-19
President of the Board of Trustees	Gary Maas	01-01-16 to 12-31-19



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TELEGRAPH HILL-RYKERS RIDGE REGIONAL  
SEWER DISTRICT, JEFFERSON COUNTY, INDIANA

This report is supplemental to our audit report of the Telegraph Hill-Rykers Ridge Regional Sewer District (District), for the period from January 1, 2016 to December 31, 2018. 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/](http://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 24, 2019

TELEGRAPH HILL-RYKERS RIDGE REGIONAL SEWER DISTRICT  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS**

*Condition and Context*

The District had not separated incompatible activities related to cash and investments, receipts, disbursements, and financial reporting. The District contracts out all of its accounting and financial reporting processes to an accounting firm. There was no evidence presented to indicate anyone from the District performed an independent review, oversight, or approval process to ensure accuracy of the information reported.

*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. . . .

**CONTRACTS**

*Condition and Context*

During the audit period, the District made payments without a written contract for the following services:

1. Accounting services in the amounts of \$14,276, \$24,238, and \$24,862 for 2016, 2017, and 2018, respectively.
2. Maintenance services in the amounts of \$86,400 per year for 2016, 2017, and 2018.
3. Legal Services in the amount of \$3,300 per year for 2016, 2017, and 2018.

*Criteria*

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TELEGRAPH HILL-RYKERS RIDGE REGIONAL SEWER DISTRICT  
AUDIT RESULTS AND COMMENTS  
(Continued)

**LATE SUBMISSION OF CERTIFIED REPORT**

*Condition and Context*

The District's Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R) for 2016 was not filed with the Indiana State Board of Accounts.

*Criteria*

Indiana Code 5-11-13-1(a) states in part:

"Every . . . unit . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. . . . The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

**ADOPTION OF INTERNAL CONTROL STANDARDS AND TRAINING**

*Condition and Context*

The District Board had not adopted the required minimum internal control standards, nor provided training to personnel on internal controls.

*Criteria*

Indiana 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."

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The District's accountant certified on the Annual Financial Report (AFR) that the District had adopted the minimum internal control standards and that the required personnel had received training over those standards. However, the minimum internal control standards had not been adopted and training had not been provided. Therefore, the AFR certified by the District's accountant was incorrect.

TELEGRAPH HILL-RYKERS RIDGE REGIONAL SEWER DISTRICT  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Criteria*

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](#)."

TELEGRAPH HILL-RYKERS RIDGE REGIONAL SEWER DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on October 24, 2019, with Susan Culbreth, Treasurer; Gary Maas, President of the Board of Trustees; and Brenda Cornelius, Contracted Accountant.