



**STATE OF INDIANA**  
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B54399

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January 31, 2020

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, 2018 to December 31, 2018. 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/](http://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, 2018 to December 31, 2018. 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 three Examination Findings and Results. Management's response may be found on pages 5 through 7.

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

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA  
State Examiner

**COMPLIANCE EXAMINATION OF  
SUMMIT SPRINGS REGIONAL WASTE DISTRICT**

Henry County, Indiana  
January 1, 2018 to December 31, 2018

SUMMIT SPRINGS REGIONAL WASTE DISTRICT

Henry County, Indiana  
January 1, 2018 to December 31, 2018

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SUMMIT SPRINGS REGIONAL WASTE DISTRICT  
SCHEDULE OF OFFICIALS  
January 1, 2018 to December 31, 2018

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<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Patricia Yapp	01-01-18 to 12-31-18
President of the Board	Betty Gipe	01-01-18 to 12-31-18

## 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, 2018 to December 31, 2018. 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, 2018 to December 31, 2018, as described in items 2018-001, 2018-002, and 2018-003 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, 2018 to December 31, 2018.

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 18, 2018

SUMMIT SPRINGS REGIONAL WASTE DISTRICT  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2018 to December 31, 2018

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**FINDING 2018-001: INTERNAL CONTROLS- SEFA**

**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 meet the minimum standards of internal control. Specifically, the Unit did not have any policies or formally review the preparation of the Schedule of Federal Expenditures.

**FINDING 2018-002: 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. We noted that this is a repeat finding in report B52545.

SUMMIT SPRINGS REGIONAL WASTE DISTRICT  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2018 to December 31, 2018

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**FINDING 2018-003: MINIMUM LEVEL OF INTERNAL CONTROLS**

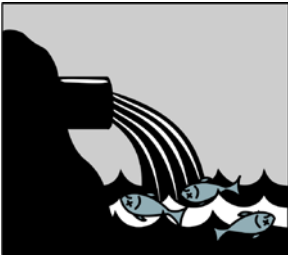
**Criteria:** The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards 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. We noted that this is a repeat finding in report B52545.

SUMMIT SPRINGS REGIONAL WASTE DISTRICT  
EXIT CONFERENCE  
January 1, 2018 to December 31, 2018

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The contents of this report were discussed on December 18, 2019, with Patricia Yapp, Treasurer, Betty Gipe, Board 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.



# Summit Springs Regional Waste District

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765-524-6470 Fax 765-533-4116

To Whom It May Concern:

## FINDING 2018-001: INTERNAL CONTROLS

Management and the Board of Directors have reviewed and acknowledged the finding as it is presented. Management plans to implement a secondary review by the District Board President of the SEFA to ensure financial and non-financial information is complete and accurate before the SEFA is submitted.

## FINDING 2018-002: SEGREGATION OF DUTIES:

The Secretary/Treasurer is the only employee to collect, post and deposit all payments for the District into the District checking account and to issue all disbursements.

It is with full knowledge, approval and consent of the governing board that these duties are carried out solely by the Secretary/Treasurer.

At each monthly board meeting, the Secretary/Treasurer gives each board member a copy of a Financial Report and a Monthly Budget report from the previous month and goes over the figures. Each board member examines the bank statements and reconciliation sheets from both checking accounts. A motion is then made, seconded and voted on to approve the statements and is put in the minutes. Each board member examines the Register of Vouchers where all disbursements are listed from the previous board meeting to the current one. Each board member present signs the Register of Vouchers. The Secretary/Treasurer also reports on any other reports she has filed or any other information pertinent to the cash collection activities and answers any questions.

Management is implementing one more item of approval beginning with the January, 2020 board meeting. Before each meeting, the District board President will review the Billing report from the previous month. Due to Hipaa privacy laws, these cannot be passed out since customer names and balances are contained in the report. It will be noted in the minutes that this process has been completed. In addition to that, at each meeting the Cash Summary Sheet from the Billing Report will be passed out to the board members with the total amount billed since it has no personal information on it.

## FINDING 2018-003: MINIMUM LEVEL OF INTERNAL CONTROLS

### Component 1: Control Environment

The SSRWD Governing Board reviews and approves all financial statements and budget entries at their monthly board meeting. The Governing Board reviews and approves all disbursements at their monthly board meeting. The Secretary/Treasurer conducts all the SSRWD business - receipts, disbursements, correspondence, reports, etc. with the board's approval.

### Component 2: Risk Assessment

All accounts that are not paid by the due date each month are assessed a ten percent penalty. Accounts that are ninety days past due that do not have contracted payment arrangements are subject to lien filing. Liens are filed twice a year to collect unpaid amounts. Accounts that are not paid with the lien filing are subject to collection by Atlas Collections.

### Component 3: Control Activities

The board President will do a yearly performance review of the Secretary/Treasurer that will be presented and covered with the board. With board approval, the review will become part of the employee's file.

At each monthly board meeting, the SSRWD board and the board President review all financial transactions. The Secretary/Treasurer gives each board member a copy of a Financial Report and a Monthly Budget Report from the previous month and goes over these figures. Each board member examines the bank statements and reconciliation sheets from both checking accounts. A motion is then made, seconded and voted on to approve the bank statements and is put in the minutes. Each board member examines the Register of Vouchers where all disbursements are listed from the previous board meeting to the current one. Each board member present signs the Register of Vouchers. The Secretary/Treasurer also reports on any other reports she has filed or any other information pertinent to the cash collection activities and answers any questions.

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All records are locked in a secure location. All assets for the district are kept in a secure location and clearly labeled. The only person who has access to these records is the Secretary/Treasurer.

The District uses a Register of Vouchers for all disbursements, a cash receipt journal, bank reconciliations and a Simplified Cash Journal. For each bank transaction, bank deposit receipts are stapled with the payment receipts posted for that day and are stored for each year.

All collections are posted to the Keystone billing system. Those totals are receipted in the cash receipt book as received. All deposits are made within the State Board of Accounts required forty-eight hour window from time of collection.

#### Component 4: Information and Communications

The Governing Board requires at each meeting a detailed report from the Treatment Plant Superintendent. The Governing Board requires at each meeting that the Secretary/Treasurer present detailed reports, bank statements, Register of Vouchers, minutes from the last meeting and anything else that needs review and approval.

#### Component 5: Monitoring Activities

The SSRWD Governing Board reviews and asks questions on every financial report given by the Secretary/Treasurer and on all conditions or issues brought to the attention of the board by the Treatment Wastewater Superintendent on a monthly basis. All issues are corrected on a monthly basis if needed.

Any corrective actions given to the SSRWD Governing Board through Findings of the Audit are corrected immediately.