

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

SPRINGS VALLEY REGIONAL WATER DISTRICT

ORANGE COUNTY, INDIANA

January 1, 2018 to December 31, 2019



**FILED**

11/09/2020



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Audit Result and Comment: Internal Controls over Financial Transactions and Reporting .....	4
Exit Conference.....	5

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	John R. Harrison Bill Harris	01-01-18 to 12-31-19 01-01-20 to 12-31-20
Office Manager	Lauren Emmons	01-01-18 to 12-31-20
Superintendent	Stephen M. Brown Charles Eric Harrell	01-01-18 to 06-02-19 06-03-19 to 12-31-20
President of the District Board	Garry J. Haworth	01-01-18 to 12-31-20



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE SPRINGS VALLEY REGIONAL  
WATER DISTRICT, ORANGE COUNTY, INDIANA

This report is supplemental to our audit report of the Springs Valley Regional Water District (District), for the period from January 1, 2018 to December 31, 2019. 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 Statement Audit Report of the District, which provides our opinions on the District's financial statement. 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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

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

October 28, 2020

SPRINGS VALLEY REGIONAL WATER DISTRICT  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

*Condition and Context*

We noted the following deficiencies in the internal control system of the District related to financial transactions and reporting:

*Cash and Investments*

The District had a lack of segregation of duties in relation to cash and investments. Monthly reconciliations of the District's funds to the depository balances were being performed; however, evidence was not presented to indicate who actually was preparing the reconciliations and that someone other than the preparer was reviewing and approving all the reconciliations to ensure they were accurate.

*Receipts*

The District had a lack of segregation of duties in relation to receipts. There was no documentation presented for audit that someone other than the person preparing the deposit slips was making the bank deposits.

*Financial Close and Reporting*

The District had a lack of segregation of duties in relation to financial close and reporting. One individual entered and submitted the financial information for the District into the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Report and financial statement. Evidence was not presented to indicate an oversight, review, or approval process was performed by someone other than the preparer to ensure the accuracy of the information entered and submitted.

*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. . . ."

SPRINGS VALLEY REGIONAL WATER DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on October 28, 2020, with Garry J. Haworth, President of the District Board; Lauren Emmons, Office Manager; and Charles Eric Harrell, Superintendent.