

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
THRALLS STATION REGIONAL SEWER DISTRICT
VIGO COUNTY, INDIANA
January 1, 2018 to December 31, 2019



FILED
11/24/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sister Noralee Keefe Sister Kathleen Leonard	01-01-18 to 12-31-18 01-01-19 to 12-31-20
President of the District Board	Sister Mary Lou Dolan Sister Denise Wilkinson	01-01-18 to 07-17-19 07-18-19 to 12-31-20



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE THRALLS STATION REGIONAL
SEWER DISTRICT, VIGO COUNTY, INDIANA

This report is supplemental to our audit report of the Thralls Station Regional Sewer 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/.

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

November 12, 2020

THRALLS STATION REGIONAL SEWER DISTRICT
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL CLOSE AND REPORTING

Condition and Context

The District did not have a proper system of internal controls in place over financial close and reporting to prevent, or detect and correct, errors in the financial statement.

The District had not separated incompatible activities related to financial close and reporting. Only one individual completed and input the accounting data into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Annual Financial Report and the financial statement. There was no documented review or approval of the information entered into Gateway. The failure to establish these controls could enable material misstatements to occur and remain undetected.

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. . . ."

LATE SUBMISSION OF ANNUAL FINANCIAL REPORT

Condition and Context

The District's Annual Financial Reports for 2018 and 2019 were not filed electronically until March 29, 2019, and June 18, 2020, respectively, which were 28 and 110 days past the due date.

THRALLS STATION 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](#)."

LATE SUBMISSION OF CERTIFIED REPORT


Condition and Context

The District's Certified Reports of Names, Addresses, Duties and Compensation of Public Employees (Form 100R) for 2018 and 2019 were not filed electronically until March 25, 2019, and June 11, 2020, respectively, which were 53 and 132 days past the due date.

Criteria

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

"Every . . . district . . . 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](#)."



Thralls Station Regional Sewer District
P.O. Box 91
St. Mary of the Woods, IN 47876

OFFICIAL RESPONSE

Date: November 18, 2020

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

Re: Internal Controls

The Trustees of the District have put into place procedures to maintain oversight and guarantee the efficient, correct and timely submission of reports and other required data. The Treasurer of the Board will monitor all accounting activities and ascertain the information entered in Gateway is both accurate and submitted by the required deadline. The details of this oversight will be discussed in the monthly meetings and become part of the recorded documentation of the District.



S. Denise Wilkinson
President, Thralls Station Regional Sewer District

THRALLS STATION REGIONAL SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on November 12, 2020, with Lynn Holloman, Accountant, and Sister Denise Wilkinson, President of the District Board.