

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

SOUTH DEARBORN REGIONAL SEWER DISTRICT

DEARBORN COUNTY, INDIANA

January 1, 2018 to December 31, 2020



FILED
11/05/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Superintendent	William Neyer	01-01-18 to 10-31-19
	Robin Merchant	11-01-19 to 01-08-20
	Chris Lagaly	01-09-20 to 12-31-21
Treasurer	Rebecca Lyons	01-01-18 to 12-31-21
President of the District Board	Randolph Turner	01-01-18 to 12-31-19
	Steve Lampert	01-01-20 to 12-31-21



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE SOUTH DEARBORN REGIONAL
SEWER DISTRICT, DEARBORN COUNTY, INDIANA

This report is supplemental to our audit report of the South Dearborn Regional Sewer District (District), for the period from January 1, 2018 to December 31, 2020. 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 opinions 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 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 27, 2021

SOUTH DEARBORN REGIONAL SEWER DISTRICT
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

Condition and Context

There was a deficiency in the internal control system of the District related to financial transactions and reporting. The District had not separated incompatible activities related to financial close and reporting. One person was responsible for preparing and submitting the Annual Financial Report in the Indiana Gateway for Government Units financial reporting system, which was the source of the financial statements. There was no oversight, review, or approval process to ensure the accuracy of the information prior to submission.

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. . . ."

SOUTH DEARBORN REGIONAL SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on October 27, 2021, with Rebecca Lyons, Treasurer; Steve Lampert, President of the District Board; Chris Lagaly, Superintendent; Thomas L. Rowlett, Sr., District Board member; and Bryan Messmore, District Board member (proxy).