

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WHITLEY COUNTY REGIONAL WATER AND SEWER DISTRICT

WHITLEY COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED
03/31/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Secretary/Treasurer	Randall Cokl	01-01-20 to 12-31-22
President of the District Board	Chad Nix	01-01-20 to 12-31-22



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE WHITLEY COUNTY REGIONAL WATER
AND SEWER DISTRICT, WHITLEY COUNTY, INDIANA

This report is supplemental to our audit report of the Whitley County Regional Water and Sewer District (District), for the period from January 1, 2020 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 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.

Beth Kelley, CPA, CFE
Deputy State Examiner

March 16, 2022

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SECRETARY/TREASURER
WHITLEY COUNTY REGIONAL WATER AND SEWER DISTRICT

SECRETARY/TREASURER
WHITLEY COUNTY REGIONAL WATER AND SEWER DISTRICT
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Condition and Context

Bank account reconciliations for the District's funds were not completed.

Criteria

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

TIMELY RECORDING

Condition and Context

The District's financial activity was not recorded timely. No fund ledger was provided during the audit. The Secretary/Treasurer relied on bank activity and viewed the transactions online.

Criteria

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

There were deficiencies in the internal control system of the District related to cash and investments, receipts, disbursements, and financial close and reporting. The District had not properly designed an effective internal control system that separated incompatible activities related to these areas.

Cash and Investments

Activity for the District's Bond Anticipation Note fund was not recorded during the audit period and was not subject to a bank reconciliation.

Receipts

The Secretary/Treasurer was solely responsible for all aspects of receipts with no internal controls in place, such as an oversight, review, or approval process.

Disbursements

The Secretary/Treasurer was solely responsible for all aspects of disbursements. Although the District Board approved claims to be paid, there was no evidence of an oversight or review of the issued claim by officials.

SECRETARY/TREASURER
WHITLEY COUNTY REGIONAL WATER AND SEWER DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

Financial Close and Reporting

The Secretary/Treasurer entered and submitted financial information for the District into the Indiana Gateway for Government Units financial reporting system, which is the source for the Annual Financial Reports and financial statements. There was no evidence of an internal control, such as oversight, review, or approval process, 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. . . ."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

In the 2020 Annual Financial Report, the Secretary/Treasurer erroneously certified that internal control standards were adopted by the District Board and that District personnel had received training on the internal control standards. The District had not adopted internal control standards or provided the required training.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity 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](#)."

SECRETARY/TREASURER
WHITLEY COUNTY REGIONAL WATER AND SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on March 16, 2022, with Randall Cokl, Secretary/Treasurer, and Chad Nix, President of the District Board.

DISTRICT BOARD
WHITLEY COUNTY REGIONAL WATER AND SEWER DISTRICT

DISTRICT BOARD
WHITLEY COUNTY REGIONAL WATER AND SEWER DISTRICT
AUDIT RESULT AND COMMENT

ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS

Condition and Context

The District had not adopted the minimum internal control standards or provided the required training on internal control standards to District personnel.

Criteria

Indiana Code 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."

DISTRICT BOARD
WHITLEY COUNTY REGIONAL WATER AND SEWER DISTRICT
EXIT CONFERENCE

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