

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

AMO-COATESVILLE CONSERVANCY DISTRICT

HENDRICKS COUNTY, INDIANA

January 1, 2020 to December 31, 2021



FILED
10/20/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Ronald Slover	01-01-20 to 12-31-22
Chair of the District Board	Jerry Decker	01-01-20 to 12-31-22



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE AMO-COATESVILLE CONSERVANCY
DISTRICT, HENDRICKS COUNTY, INDIANA

This report is supplemental to our audit report of the Amo-Coatesville Conservancy District (District), for the period from January 1, 2020 to December 31, 2021. 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

October 11, 2022

AMO-COATESVILLE CONSERVANCY DISTRICT
AUDIT RESULTS AND COMMENTS

CAPITAL ASSETS

Condition and Context

The detailed capital asset listing included items that had been removed from service. It was also noted that an inventory of capital assets had not been completed in the last two years.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

Internal control activities should be selected and developed at various levels to reduce risks of error and/or fraud for the bank reconciliations. The District had not separated incompatible activities related to cash and investments and all areas of the financial statement. One individual completed the bank reconciliations without a documented review process and the failure to establish these internal controls could enable material misstatements to be undetected. The Financial Clerk is completing all reconciliations without review by another employee or management. During the Annual Financial Report upload to the Indiana Gateway for Government Units (Gateway) financial reporting system, the Financial Clerk is the only one involved.

There were deficiencies in the internal control system of the District related to financial transactions and reporting. The District had not established an effective internal control system that separated incompatible activities related to cash and investments and financial close and reporting.

Cash and Investments

Monthly reconciliations were performed; however, there was no evidence of an internal control in place to prevent, or detect and correct, errors in cash and investments, such as an oversight, review, or approval process.

Financial Close and Reporting

The District had not established an effective system of internal control over the financial information entered into Gateway, which was the source of the Annual Financial Report and financial statement. One individual entered the financial information into Gateway, with no evidence of an internal control such as an oversight, review, or approval process to ensure its accuracy.

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:

AMO-COATESVILLE CONSERVANCY DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

"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. . . ."

MONTHLY AND ANNUAL ENGAGEMENT UPLOADS

Condition and Context

The District did not comply with State Examiner Directives and failed to upload into the Indiana Gateway for Government Units financial reporting system the required monthly and annual files for the audit period of January 1, 2020 to December 31, 2021.

Criteria

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. . . . (State Examiner Directive 2018-1)

This amended directive is effective starting with December 2020 monthly files. The upload of December 2020 monthly files will be due February 15, 2021, and by the 15th of each month thereafter unless the State Board of Accounts (SBOA) establishes a different date. This is effective for 2020 annual files which will be due for upload March 1, 2021, for calendar year end units. . . . Thereafter, annual files must be uploaded no later than March 1st . . . for the prior year end unless the SBOA establishes a different date.

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients.

A user guide for the Engagement Uploads is available and located at: <https://gateway.ifonline.org/userguides/engagementguide> **It is pertinent that this user guide be used in conjunction with this Directive.** It provides critical information to you that will help guide you to uploading the correct documents.

AMO-COATESVILLE CONSERVANCY DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

The following files and governmental unit information are required to be uploaded monthly by all units except as noted:

- Bank Reconcilements, Bank Statements, and Outstanding Check Lists
- Approved Board Minutes, please see the user guide for more information and examples
- Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund . . .

The following files and governmental unit information are required to be uploaded annually (for Counties, these apply to County Auditors unless otherwise noted):

- Year-end Investment Statements (for Counties - County Treasurer)
- Detail of Receipts for the year
- Detail of Disbursements for the year
- Current year Salary Ordinance (or Schedule) and Amendments (except Schools)
- Annual Vendor History Report
- Annual Payroll History Report, without social security numbers
- Annual Funds Ledger, summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund . . .
- Optional: Excel Data Capture/Data Dump (in lieu of Detail of Receipts and Disbursements)

In addition to the monthly and annual files, additional records, known as "Direct Request Uploads," must be uploaded when required by the SBOA. . . .

(Amended State Examiner Directive 2018-1)

AMO-COATESVILLE CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on October 11, 2022, with Jerry Decker, Chair of the District Board, and Ron Slover, Financial Clerk.