

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CRAWFORD COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
11/17/2014

*Reissued on July 9, 2015,
to correct the Corrective
Action Plan*

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---|------------------------|----------------------|
| County Auditor | Ricki Hawkins | 01-01-11 to 12-31-14 |
| County Treasurer | Kelli R. Slaughterback | 01-01-13 to 12-31-16 |
| Clerk of the Circuit Court | Edna M. Brown | 01-01-11 to 12-31-14 |
| County Sheriff | Tim Wilkerson | 01-01-11 to 12-31-14 |
| County Recorder | Charla Dawn Wright | 01-01-11 to 12-31-14 |
| President of the Board of County Commissioners | Randy Gilmore | 01-01-13 to 12-31-14 |
| President of the County Council | Jerry Brewer | 01-01-13 to 12-31-14 |



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

TO: THE OFFICIALS OF CRAWFORD COUNTY, INDIANA

This report is supplemental to our audit report of Crawford County (County), for the period from January 1, 2013 to December 31, 2013. It has been provided as a separate report so that the reader may easily identify any Federal Findings that pertain to the County. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the County, which provides our opinions on the County's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Findings, identified in the above referenced audit report, are included in this report.

Any Corrective Action Plan for the Federal Findings, incorporated within this report, was not verified for accuracy.

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

August 28, 2014

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COUNTY AUDITOR
CRAWFORD COUNTY

COUNTY AUDITOR
CRAWFORD COUNTY
FEDERAL FINDINGS

**FINDING 2013-001 - INTERNAL CONTROLS OVER THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The County should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following errors: (1) several federal grants were not reported and several grants were reported for the incorrect amount; and (2) pass-through agency, federal program titles, and pass-through entity (or other) identifying numbers were not always correct. Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section.310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards: The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide the total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

COUNTY AUDITOR
CRAWFORD COUNTY
FEDERAL FINDINGS
(Continued)

- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

FINDING 2013-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control systems of the County Treasurer's and County Auditor's Offices related to financial transactions and reporting. The failure to establish and maintain internal controls enable material misstatements or irregularities to remain undetected. We believe the following deficiencies constitute material weaknesses:

1. Preparing Financial Statement: Internal controls were not in place to detect that the financial statement for the County, as presented for audit, was materially incorrect. Errors noted include: (1) funds not included on the financial statement; and (2) some funds' receipts, disbursements, and/or the cash and investment balance were reported incorrectly. Audit adjustments were proposed, accepted by the County, and made to the financial statement presented in this report.
2. Reconcilements: Proper controls were not established between the County Treasurer's Office and the County Auditor's Office to accurately prepare reconcilements for any of the months during the audit period. While bank reconcilements were attempted, they were not done in a timely manner. The County Auditor's fund ledger balance reflected on the Treasurer's Cash Book indicated \$4,252 more than the actual balance on the County Auditor's fund ledger. There were numerous posting errors on both the County Treasurer's Cash Book and the County Auditor's ledger that were not corrected or not corrected timely. As of December 31, 2013, the difference between the adjusted bank balance and the adjusted financial statement balance indicated cash necessary to balance of \$13,665, which was determined to be immaterial.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

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."

**CRAWFORD COUNTY AUDITOR
715 JUDICIAL PLAZA DRIVE ENGLISH, IN. 47118
P.O. BOX 316
(812)338-2601
FAX (812)338-3506**

June 4, 2015

ATTN: CORRECTIVE ACTION PLAN

FINDING 2013-001- INTERNAL CONTROL OVER FEDERAL GRANTS AND REPORTING

AUDITEE CONTACT PERSON: CHRISTIAN HOWELL, CRAWFORD COUNTY AUDITOR.

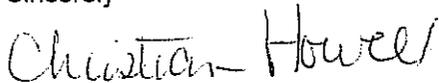
TO WHOM IT MAY CONCERN:,

CORRECTIVE ACTION PLAN HAS BEEN PUT INTO PLACE AS OF 06/04/15.

1. UPON FINDINGS AND CORRECTIONS FROM STATE BOARD OF ACCOUNTS, OUR OFFICE HAS BEGUN KEEPING FOLDERS FOR ALL GRANTS. THESE FOLDERS INCLUDE COPIES OF CLAIMS PAID, RECEIPTS, AND OTHER GRANT INFORMATION AVAILABLE SUCH AS DES #, TITLES, ETC.
2. OUR OFFICE ALSO RECEIVED INFORMATION AND REFERENCES FROM STATE BOARD OF ACCOUNTS TO MAKE THE GRANT FUNDING IDENTIFICATION EASIER.
3. BEGINNING NEXT YEAR, AFTER THE SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS ARE PREPARED IN THE GATEWAY SYSTEM, PRIOR TO SUBMISSION, I WILL GIVE A COPY TO THE VARIOUS DEPARTMENT HEADS WHO ROUTINELY RECEIVE GRANTS FOR THEM TO REVIEW TO MAKE SURE ALL GRANTS ARE INCLUDED AND THAT THE INFORMATION IS CORRECT.

IF YOU HAVE ANY FUTHER QUESTIONS REGARDING THIS ISSUE, PLEASE FEEL FREE TO CONTACT ME AT (812)-338-2601.

Sincerely



CHRISTIAN HOWELL
CRAWFORD COUNTY AUDITOR

CRAWFORD COUNTY TREASURER'S OFFICE
715 JUDICIAL PLAZA DRIVE
ENGLISH IN 47118
KELLI SLAUGHTERBACK, TREASURER
VIRGINIA MCLAIN, 1ST DEPUTY
812-338-2651
FAX 812-338-3760

AUGUST 25, 2014

ATTN: CORRECTIVE ACTION PLAN

FINDING 2013-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS
AND REPORTING

AUDITEE CONTACT PERSONS: KELLI SLAUGHTERBACK, TREASURER
RICKI HAWKINS, AUDITOR

To Whom It May Concern,

Corrective action has been put in place and as of 7-31-14 all funds, bank and cash book reconcilements were in balance according to corrections suggested by State Board of Accounts. We plan to continue conducting timely reconcilements of the auditor's ledger, bank, and cash book on a monthly basis, correct errors as soon as they are discovered, and have stricter internal controls in both the Auditor's office and Treasurer's office. We have spoken with our support person at our Financial software company Harris, who has thoroughly explained how to handle issues such as voids on software and cash book to avoid any errors. All past errors have been addressed and adjustments have been made while SBOA was here examining our books.

If you have any further questions regarding this issue please feel free to contact me at 812-338-2651.

Sincerely,


Kelli R. Slaughterback, Treasurer
Ricki L. Hawkins, Auditor



COUNTY AUDITOR
CRAWFORD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 28, 2014, with Ricki Hawkins, County Auditor; Randy Gilmore, President of the Board of County Commissioners; and Jerry Brewer, President of the County Council.

The contents of this report were discussed on June 4, 2015, with Christian Howell, County Auditor; James Schultz, President of the Board of County Commissioners; and Steven Bartels, President of the County Council.

COUNTY TREASURER
CRAWFORD COUNTY

COUNTY TREASURER
CRAWFORD COUNTY
FEDERAL FINDING

FINDING 2013-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control systems of the County Treasurer's and County Auditor's Offices related to financial transactions and reporting. The failure to establish and maintain internal controls enable material misstatements or irregularities to remain undetected. We believe the following deficiencies constitute material weaknesses:

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CRAWFORD COUNTY TREASURER'S OFFICE
715 JUDICIAL PLAZA DRIVE
ENGLISH IN 47118
KELLI SLAUGHTERBACK, TREASURER
VIRGINIA MCLAIN, 1ST DEPUTY
812-338-2651
FAX 812-338-3760

AUGUST 25, 2014

ATTN: CORRECTIVE ACTION PLAN

FINDING 2013-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS
AND REPORTING

AUDITEE CONTACT PERSONS: KELLI SLAUGHTERBACK, TREASURER
RICKI HAWKINS, AUDITOR

To Whom It May Concern,

Corrective action has been put in place and as of 7-31-14 all funds, bank and cash book reconcilements were in balance according to corrections suggested by State Board of Accounts. We plan to continue conducting timely reconcilements of the auditor's ledger, bank, and cash book on a monthly basis, correct errors as soon as they are discovered, and have stricter internal controls in both the Auditor's office and Treasurer's office. We have spoken with our support person at our Financial software company Harris, who has thoroughly explained how to handle issues such as voids on software and cash book to avoid any errors. All past errors have been addressed and adjustments have been made while SBOA was here examining our books.

If you have any further questions regarding this issue please feel free to contact me at 812-338-2651.

Sincerely,


Kelli R. Slaughterback, Treasurer
Ricki L. Hawkins, Auditor



COUNTY TREASURER
CRAWFORD COUNTY
EXIT CONFERENCE

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