

Findings, Corrective Action Plans, & Internal Controls



2020 County Treasurers' Conference

Findings

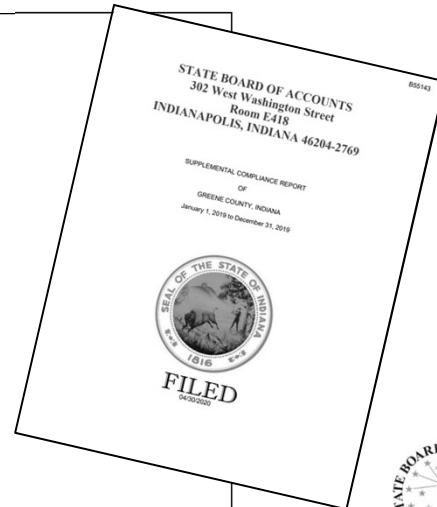
➤ Types of Audit Findings

- **Audit Results and Comments** – Significant Noncompliance with statute or an SBOA uniform compliance guideline
- **Management Letter Finding** – Not Significant Noncompliance with statute or an SBOA uniform compliance guideline
- **Discussion Only Finding** - Immaterial Noncompliance with statute or SBOA uniform compliance guidelines



Financial Audits

- **Supplemental Compliance Report:**
 - **This report contains the Audit Results and Comments found and should be read in conjunction with the Financial Audit Report, which could be Federal or Non-Federal.**
 - **Included in the Report:**
 - ❖ **Audit Results and Comments**
 - ❖ **Official Response (optional)**



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Corrective Action Plans For Financial Audits

- **Only Repeat Comments require a Corrective Action Plan.**
- **Repeat Comments are Audit Results and Comments that have appeared in the prior report as well as the current.**
- **Corrective Action Plans for Repeat Comments are submitted through the SBOA website.**
- **Audit Results and Comments that require a Corrective Action Plan will be outlined on the Form 4 at Exit.**



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Submitting Repeat Comments

CORRECTIVE ACTION PLAN FOR

<i>Report period:</i>	
<i>Title of result and comment:</i>	
<i>Contact person Responsible for Corrective Action:</i>	
<i>Contact's Phone Number:</i>	
<i>Contact's Email Address:</i>	
<i>Views of Responsible Official:</i>	
<i>Description of Corrective Action Plan:</i>	
<i>Anticipated Completion Date:</i>	
<i>If applicable: Document reason issue will NOT be corrected within 6 months:</i>	

➤ <https://www.in.gov/sboa/5207.htm>

- Includes:
 - ❖ Instructions
 - ❖ CAP Template
 - ❖ 1031 Guidelines

**** Notes that a new template should be filled out for each Repeat comment that requires a corrective action plan.**



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Common Repeat Findings



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Bank Account Reconciliations

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the County's main bank account did not reconcile with the County Treasurer's records. The differences on the reconciliations ranged between \$35,000 cash short to \$18,000 cash long during the audit period. Additional errors were noted on the reconciliations at December 31, 2018, including:

1. Several checks for recorded in December 2019 that did not clear the bank were not listed on the outstanding check list.
2. A \$500,000 investment was redeemed and recorded twice in the Treasurer's Daily Cash Book in December 2019.
3. A \$72,000 transfer was incorrectly subtracted from the bank balance instead of being added.



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Timely Recording

The County did not record electronic fund transfers from the Auditor of State in a timely manner. Both the Auditor and Treasurer recorded the transactions two weeks after receiving the distributions in 30 percent of the distributions tested.



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Internal Controls over Financial Transactions and Reporting

The County Treasurer's office did not have an effective system of controls in place designed to prevent or detect errors associated with financial transactions, closing, and reporting:

Treasurer's Daily Balance of Cash and Depositories (Cash Book)

The County Treasurer's Bookkeeper recorded all transactions to the County Treasurer's Cash Book, with no oversight or review process. There were several posting errors totaling \$3672.89.

Bank Reconcilements

Depository reconcilements of the fund balances to the bank account balances were completed. The December 31, 2019 bank reconciliation for one bank account contained various reconciling items that dated as far back as 2012. The bank reconcilements did not include sufficient detail for all reconciling items.

Reconciliation Between the County Treasurer and the County Auditor

There was no documented internal controls in place to reconcile the County Auditor's Funds Ledger between the County Auditor's and County Treasurer's offices during 2019. During the year, the month-end differences between the County Auditor's ledger ranged from (\$123,456) to \$578,901 different from the County Treasurer's ledger. As of December 31, 2019, the County Auditor's ledger balance exceeded the County Treasurer's funds ledger balance by \$33,987.



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Monthly Financial Report (47TR)

The County Treasurer's Monthly Financial Report (Form 47TR) is to be prepared by the 16th day of the following month. All 12 of the 2019 year reports were prepared after the 16th day of the following month; some were prepared several months later.



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Misappropriation of Funds

Failure to Immediately Report Losses of Public Funds

The County Treasurer failed to immediately report to the Indiana State Board of Accounts losses of public funds through a banking scheme. Verbal notice was given to the Field Examiners on-site six months after the loss was discovered.

Per the County Treasurer the bank account was compromised in November 2019. The County Treasurer discovered the loss while performing the monthly bank reconciliation and the funds were returned by the bank in the amount of \$5,693.



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Resources

UNIFORM INTERNAL CONTROL STANDARDS
FOR INDIANA POLITICAL SUBDIVISIONS



Paul D. Joyce, CPA
State Examiner

September 2015

- **Internal Control Manual:**
<https://www.in.gov/sboa/files/UniformInternalControlStandards.pdf>

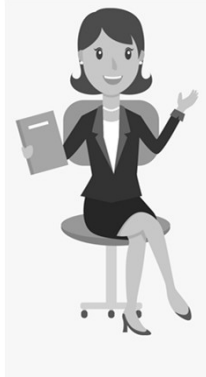


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Resources

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Questions?



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