

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

DAVISS COUNTY, INDIANA

January 1, 2013 to December 31, 2013



**FILED**  
06/06/2014



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
County Auditor:	
Federal Finding:	
2013-001 - Internal Controls Over the Schedule of Expenditures of Federal Awards (SEFA) .....	6-7
Corrective Action Plan .....	8
Audit Result and Comment:	
Overdrawn Cash Balances .....	9
Exit Conference .....	10

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Gail Doades	01-01-11 to 12-31-14
Treasurer	Martin L. Mumaw III (Vacant) Patty Raymann (Interim) Elaine Wellman	01-01-11 to 03-20-13 03-21-13 to 04-04-13 04-05-13 to 04-21-13 04-22-13 to 12-31-14
Clerk	Sherri Healy	01-01-13 to 12-31-16
Sheriff	Jerry Harbstreit	01-01-11 to 12-31-14
Recorder	Jamie Chapman	01-01-13 to 12-31-16
President of the Board of County Commissioners	Anthony D. Wichman	01-01-13 to 12-31-14
President of the County Council	Michael Myers Jo Arthur	01-01-13 to 12-31-13 01-01-14 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](http://www.in.gov/sboa)

TO: THE OFFICIALS OF DAVIESS COUNTY, INDIANA

This report is supplemental to our audit report of Daviess 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 and Audit Results and Comments 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/](http://www.in.gov/sboa/).

The Federal Finding, identified in the above referenced audit report, is included in this report and should be viewed in conjunction with the Audit Result and Comment as described below.

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 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 Corrective Action Plan for the Federal Finding and Official Response to the Audit Result and Comment, incorporated within this report, were not verified for accuracy.

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

April 10, 2014

(This page intentionally left blank.)

COUNTY AUDITOR  
DAVISS COUNTY

COUNTY AUDITOR  
DAVISS COUNTY  
FEDERAL FINDING

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

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: state grants were included, not all federal grants were listed, not all CFDA numbers were provided, program titles were not always correct, and expenditures for some federal grants were incorrect. 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."

COUNTY AUDITOR  
DAVIESS COUNTY  
FEDERAL FINDING  
(Continued)

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 total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (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."

# Auditor of Daviess County

Gail L. Doades

*Daviess County Courthouse*

200 E. Walnut St.  
Washington, IN 47501

812-254-8662

812-254-8697 Fax

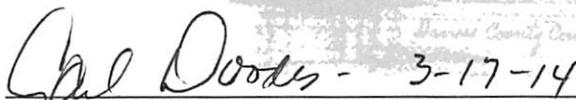
Finding 2013-001 Internal Controls over the preparation of the Schedule of Expenditures of Federal Awards.

Contact: Gail Doades

Title: Daviess County Auditor

Phone: 812-486-7534

In response to the finding of the 2013-001 Internal Controls over the preparation of the Schedule of Expenditures of Federal Awards: Effective 3-1-14 controls have been put in place to prevent future SEFA Grants reporting errors. The 2013 SEFA has been corrected with the removal of State Grants and every Federal amount reported has been traced back and balanced with the Electronic Funds Transfer (EFT) statement received in 2013. A spreadsheet has been compiled and will be updated when EFT statement emails are received in an effort to keep track of federal monies coming into the county. Although there is no identification on the EFT's as to whether it is federal monies or not each EFT will be compared to previous ones in an effort to identify the funds received and try to determine from what federal program the monies originated. Some Daviess County grants receive federal monies from more than one federal program. EFT's are emailed through the State Auditor's Office and they have been contacted about putting identification on the EFT when federal monies are received and identifying the federal programs. A second spreadsheet has been compiled that will accurately track the IV-D grant monies received.

  
Gail Doades, Daviess County Auditor

COUNTY AUDITOR  
DAVISS COUNTY  
AUDIT RESULT AND COMMENT

**OVERDRAWN CASH BALANCES**

The following fund had an overdrawn cash balance at December 31, 2013:

<u>Fund</u>	<u>Amount Overdrawn</u>
Tax Sale Redemption	<u>\$ 835</u>

The overdrawn cash balance was caused by an invalid tax sale in which money had to be refunded. However, the refund should not have been made from the Tax Sale Redemption fund. The County Auditor was instructed by the Auditor of State's Office to correct this error during the June 2014 settlement.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COUNTY AUDITOR  
DAVISS COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on April 10, 2014, with Gail Doades, Auditor.