

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

HENRY COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
06/13/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Patricia A. French	01-01-11 to 12-31-14
Treasurer	Byron G. Bundy	01-01-11 to 12-31-14
Clerk	Debra Walker	01-01-11 to 12-31-14
Sheriff	Bruce (Butch) Baker	01-01-11 to 12-31-14
Recorder	Susan Hufford	01-01-11 to 12-31-14
President of the Board of County Commissioners	Joseph E. Yanos	01-01-13 to 12-31-14
President of the County Council	Nathan S. LaMar	01-01-13 to 12-31-14



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF HENRY COUNTY, INDIANA

This report is supplemental to our audit report of Henry 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/.

The Federal Finding, identified in the above referenced audit report, is included in this report and should be viewed in conjunction with the Audit Results and Comments 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 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 Corrective Action Plan for the Federal Finding and Official Response to the Audit Results and Comments, incorporated within this report, were not verified for accuracy.

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

April 16, 2014

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COUNTY AUDITOR
HENRY COUNTY

COUNTY AUDITOR
HENRY COUNTY
FEDERAL FINDING

FINDING 2013-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted a deficiency in the internal control system of the County related to the preparation of the Schedule of Expenditures of Federal Awards (SEFA). We believe the following deficiency constitutes a material weakness:

Monitoring of Controls: Effective internal control over financial reporting requires the Board of County Commissioners to monitor and assess the quality of the County's system of internal control. The Board of County Commissioners has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the County at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner.

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 Counties of Indiana, Chapter 1)



PATRICIA A. FRENCH
AUDITOR OF HENRY COUNTY
COURTHOUSE
101 S. MAIN STREET
NEW CASTLE, INDIANA 47362
PHONE 765-529-2800

CORRECTIVE ACTION PLAN

Responsible Party: Patricia A. French

Anticipated Completion: When SEFA Report is prepared

Finding: 2013-001

April 25, 2014

The County is currently working on a proper system of internal control to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The County has adopted a Federal Grant Form for all departments to fill out before a grant can be administered. The County is aware there should be accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of SEFA could remain undetected.

Sincerely,

Patricia A. French

COUNTY AUDITOR
HENRY COUNTY
AUDIT RESULT AND COMMENT

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Supplemental Public Defender	2013	<u>\$ 1,376</u>

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."



PATRICIA A. FRENCH
AUDITOR OF HENRY COUNTY
COURTHOUSE
101 S. MAIN STREET
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Indiana State Board of Accounts

302 W Washington St, E418

Indianapolis, In 46204

April 30, 2014

Re: Response to Audit Findings

I am responding to the Indiana State Board of Accounts audit findings for 2013. This response is in regards to the finding of the Public Defender Supplemental Fund appropriation being over spent in the amount of \$1375.65. My office currently does check balances each time claims are paid. These claims were paid in December and it was human error the overage was not detected. In the future we will continue our due diligence in checking the appropriations and will appropriate more than enough for the whole year in the future.

Sincerely,

Patricia A. French

COUNTY AUDITOR
HENRY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 16, 2014, with Patricia A. French, Auditor; Cheryl Scales, Deputy Auditor; Joseph E. Yanos, President of the Board of County Commissioners; and Richard Bouslog, Vice President of the County Council.

COUNTY TREASURER
HENRY COUNTY

COUNTY TREASURER
HENRY COUNTY
AUDIT RESULT AND COMMENT

CONDITION OF RECORDS

A review of the Treasurer's records revealed that the BMV Excise Tax Account was not being included in the Treasurer's Daily Balance of Cash and Depositories.

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 Treasurers of Indiana, Chapter 10)

COUNTY TREASURER
HENRY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 23, 2014, with Byron G. Bundy, Treasurer.