

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WABASH COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
06/16/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Linda L. Conrad	01-01-13 to 12-31-16
Treasurer	Sharon K. Shaw	01-01-13 to 12-31-16
Clerk	Elaine J. Martin	01-01-11 to 12-31-14
Sheriff	Robert E. Land	01-01-11 to 12-31-14
Recorder	Lori J. Draper	01-01-11 to 12-31-14
President of the Board of County Commissioners	Barry J. Eppley Scott E. Givens	01-01-13 to 12-31-13 01-01-14 to 12-31-14
President of the County Council	James R. Kaltenmark	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

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TO: THE OFFICIALS OF WABASH COUNTY, INDIANA

This report is supplemental to our audit report of Wabash 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, incorporated within this report, was not verified for accuracy.

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

April 24, 2014

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COUNTY AUDITOR
WABASH COUNTY

COUNTY AUDITOR
WABASH COUNTY
FEDERAL FINDING

***FINDING 2013-1 - CONTROLS OVER PREPARING 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 that the County omitted seven programs totaling \$485,673 for the year ended December 31, 2013. In addition, six programs totaling \$520,837 were included as federal but were not. 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 Counties of Indiana, Chapter 1)

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
WABASH 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 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.
- (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."

Wabash County Auditor

Linda L Conrad

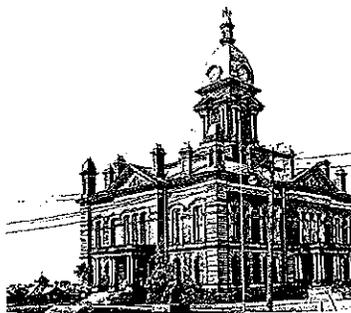
One West Hill Street

Wabash, Indiana 46992

Phone (260) 563-0661, Ext.1222

Fax (260) 563-7910

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Finding 2013-1
Controls over Preparing the Schedule of
Expenditures of Federal Awards

March 24, 2014

Corrective Action Plan

Auditee Contact Person: Linda Conrad

Title of Person: Wabash County Auditor

Phone Number: 260-563-0661

Expected Completion Date: ASAP

During the preparation of the SEFA report for the audit period stated above, it was noted some of the Grants were omitted. My Deputy and I have and will do our best to make sure the list is accurate.

The Auditor's office is doing the very best we can with the information we are given at State and Local levels. It is difficult to receive the complete information from the State and Local levels in order to be compliant with what the S.B.O.A. is asking for.



Linda L. Conrad
Wabash County Auditor

COUNTY AUDITOR
WABASH COUNTY
AUDIT RESULTS AND COMMENTS

ANNUAL REPORT

The Annual Report for 2013 contained four funds that did not properly reflect the financial activity in the County's Fund Ledger. These four funds were coded as fiscal year funds and not calendar year funds. The four funds affected were Community Corrections Grant, Community Transition Program, Community Corrections Project Income, and Local Health Department Trust. The Cumulative effect of the miscoding resulted in beginning balances being misstated cumulatively by \$31,151, receipts by \$221,572, and disbursements by \$252,723 on the Gateway report. Adjusting entries were proposed, approved, and made to the noted funds for financial statement reporting.

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 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

APPROPRIATIONS

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

<u>Fund</u>	<u>Excess Amount Expended</u>
Reassessment 2012	<u>\$ 1,998</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."

COUNTY AUDITOR
WABASH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 24, 2014, with Linda L. Conrad, Auditor; Scott E. Givens, President of the Board of County Commissioners; and James R. Kaltenmark, President of the County Council.

COUNTY CLERK
WABASH COUNTY

COUNTY CLERK
WABASH COUNTY
AUDIT RESULT AND COMMENT

ANNUAL REPORT - CLERK'S SUPPLEMENTAL COUNTY ANNUAL REPORT (CAR-1)

The Clerk Cashbook activity reported to the County Auditor on Supplemental County Annual Report (CAR-1) was incorrect. The improper reporting of 2013 receipts and disbursements to the County Auditor resulted in the December 31 cash balance being understated by \$1,058,457. The cash balance as reported to the County Auditor was \$198,929. The actual cash balance was \$1,257,386. Adjusting entries were proposed, approved, and made to the activity reported for the Clerk Cashbook for financial statement reporting.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

COUNTY CLERK
WABASH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 24, 2014, with Elaine J. Martin, Clerk.