B43780

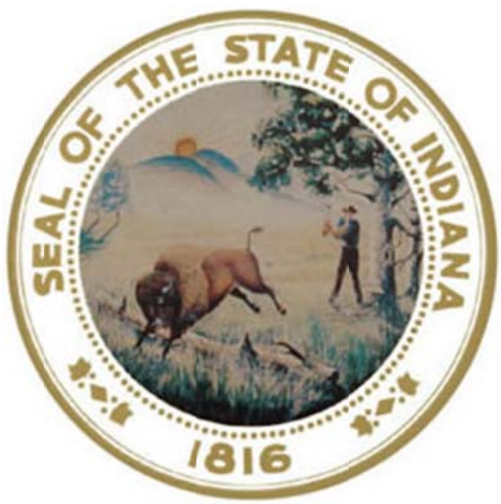
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

SUPPLEMENTAL COMPLIANCE REPORT

OF

WHITE COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
07/01/2014

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SCHEDULE OF OFFICIALS

Office	Official	Term
Auditor	Gayle E. Rogers	01-01-13 to 12-31-14
Treasurer	Jill Guingrich	01-01-13 to 12-31-16
Clerk	Paula L. Lantz	01-01-11 to 12-31-14
Sheriff	Patrick Shafer	01-01-11 to 12-31-14
Recorder	Bruce Lambert	01-01-11 to 12-31-14
President of the Board of County Commissioners	John C. Heimlich	01-01-13 to 12-31-16
President of the Common Council	Dennis E. Carter	01-01-13 to 12-31-14

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF WHITE COUNTY, INDIANA

This report is supplemental to our audit report of White 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 Findings, identified in the above referenced audit report, are 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.

The Corrective Action Plans for the Federal Findings, incorporated within this report, were not verified for accuracy.

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

April 29, 2014

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COUNTY AUDITOR
WHITE COUNTY

COUNTY AUDITOR
WHITE COUNTY
FEDERAL FINDINGS

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

We noted several deficiencies in the internal control system of the County related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the County to reduce risks to the achievement of financial reporting objectives. The County has not separated incompatible activities related to receipts, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the County's audited financial statement and then determining how those identified risks should be managed. The County has not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements, including notes to the financial statement.

3. Monitoring of Controls: Effective internal control over financial reporting requires the Board of Commissioners to monitor and assess the quality of the County's system of internal control. The Board of 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 material misstatements in a timely manner. Additionally, the County has no process to identify or communicate corrective actions to improve controls.

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)

FINDING 2013-002 - 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. The County Auditor independently prepares the SEFA without oversight, review, or approval.

The SEFA presented for audit included several immaterial errors. Program names and pass-through entity identifying numbers were not always complete or accurate. Total federal awards expended included some State matching amounts and other immaterial amounts which could not be verified.

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.

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FINDING 2013-003 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO CHILD SUPPORT ENFORCEMENT

Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Year: 2013
Pass-Through Entity: Indiana Department of Child Services

Management of the County has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and some of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements: Activities Allowed, Allowable Costs, Cash Management, and Reporting. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

Management of the County has contracted with an external consulting company to develop a cost allocation plan and submit monthly reports based on payroll and claim information supplied by the County Auditor's Office. Amounts submitted on the monthly reports are based on the consultant's cost allocation plan for the County and do not directly tie to the payroll and claim information provided. No one at the County verified the accuracy of the reports submitted to the State for reimbursement. Segregation of duties, such as an oversight, review, or approval process has not been established.

These deficiencies were reported in the County's 2012 Audit Report. The County's Summary Schedule of Prior Audit Findings, as presented in this report, does not accurately represent the current status of the finding.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

> "The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds to the County.

We recommended that the County's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements that have a direct and material effect on the program.

FINDING 2013-004 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO FORMULA GRANTS FOR RURAL AREAS

Federal Agency: Department of Transportation
Federal Program: Formula Grants for Rural Areas
CFDA Number: 20.509
Federal Award Years: FY 2011 and FY 2012
Pass-Through Entity: Indiana Department of Transportation

Internal Controls

Management of the County has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Subrecipient Monitoring requirements that have a direct and material effect on the program. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis.

In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

The lack of internal controls results in an increased risk that federal reports contain errors which would not be detected and corrected.

OMB Circular A-133, Subpart C, section .300 states in part:

> "The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Compliance

The County has not performed site visits to monitor their subrecipient's fiscal operations and compliance with grant requirements. They also did not monitor compliance with their own Pass-Through Agreement which states that the White County Council on Aging is to supply monthly financial and ridership reports which shall include revenue and expense statements including a detailed report of expenses by budget category.

Circular A-133 Section .400(d) states in part:

> "Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes: . . .
>
> (2) Advise sub-recipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.
>
> (3) Monitor the activities of sub-recipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved."

The failure to monitor the subrecipient was noncompliance with the grant agreement and could result in the loss of federal funds to the County.

We recommended that the County's management establish procedures to ensure compliance with the Subrecipient Monitoring requirements.

Gayle E. Rogers

White County Auditor

110 N Main St., PO Box 260, Monticello, IN 47960

Ph: 574-583-5761 Fax: 574-583-2884 grogers@whitecountyindiana.us

April 29, 2014

State Board of Accounts

Annual Audit 2013 Corrective Action

Section II – Financial Statement Findings

Finding 2013-001-Internal Controls Over Financial Transactions and Reporting

Reports of collections and claims are signed by department heads prior to submission to the accounting staff. Reports of collections are first verified in the Treasurer's office, then sent to the Auditor's office for production of a Quietus which is signed by both the Auditor and the Treasurer and a copy disbursed to the department head. The Treasurer is responsible for depositing all collections. Claims are reviewed and entered into the accounting software by the Auditor; payroll claims are entered by the 2nd Deputy. Claims are emailed to the County Commissioners a minimum of five days, but generally seven to ten days, prior to their public meeting at which they will either approve or deny the claims. This gives the Commissioners time to evaluate the claims and come to the Auditor's office to review and receive clarification of the claims so they are familiar with the claims before the public meeting. All claims are approved by the Board of County Commissioners in a public meeting after which warrants are distributed to the respective department heads for disbursement to employees and vendors. Investment fund detail is the responsibility of the 2nd Deputy in the Auditor's office and currently reviewed monthly by the Auditor. The County Council and the County Board of Commissioners receive monthly fund reports including revenues, expenditures and balances of each county fund. The Auditor is responsible for reporting financial statements and balancing the statement with the accounting software. There have been no misstatements in 2013 or 2014. A strong communication network exists between the Auditor, the County Council and the Board of County Commissioners which facilitates upper management's awareness of the financial office and its segregation of duties.

Finding 2013-002-Internal Control Over the Schedule of Expenditures of Federal Awards

County entities applying for grants are required to submit copies of applications, awards and all reports to the Auditor's office for review and filing. All claims, excluding schools, townships and libraries are processed through the Auditor's office. When a grant administration service is involved, that service is required to

funnel all reports and forms to the White County Auditor. Expenditures are processed as described in Finding 2013-001 above. The White County Board of Commissioners, the White County Council and county department heads have daily access to accurate, up-to-date fund history in the Auditor's office of all county funds for grant tracking purposes. The Auditor's office has made great strides in complying with SEFA requirements. Each grant is tracked in its own fund and all paperwork, including receipts and disbursements, is copied and kept in a separate folder labeled appropriately. Care is taken to locate and notate pertinent information such as names, pass through entities and identifying numbers. The Auditor is in close contact with applicable department heads to ensure accurate receipting, disbursing and tracking. The Auditor continues to gather knowledge in the area of grant education and hopes to take advantage of any available training in this field.

Section III – Federal Award Findings and Questioned Costs

Finding 2013-003-Internal Controls Over Compliance Requirements That Have a Direct and Material Effect to Child Support Enforcement

White County has contracted with Maximus, a state approved consultant, to process its Title IV-D federal and state reimbursement. Maximus visited White County to conduct a study in each affected department to determine the percentage of reimbursement for which White County is entitled. Those departments are in communication with Maximus anytime necessary if they have a question or to inform Maximus of any departmental changes that might make a difference in Title IV-D calculation. Maximus possesses proprietary software for this calculation. The calculation information is not available to the county. The department head submits payroll and claims to the Auditor for processing. The Auditor's deputy submits requested funding information to Maximus. Maximus supplies the Clerk's and Prosecutor's offices with monthly reports. The Auditor compiles the quarterly report to the state along with funding backup reports. Maximus provides White County with an annual report for departments, Commissioners and Council to review. Contracting with Maximus is negotiated by the Board of Commissioners.

Due to the nature of confidentiality of Maximus, a state approved vendor for this service, it is neither economically responsible nor efficient in any manner to consider White County employees investing the time and effort to mirror the work that Maximus contracts to do for us. We were not capturing the maximum amount possible when we were doing this work in house. We trust the state to recommend and approve only vendors capable of doing the job correctly and to the utmost advantage of the county.

Finding 2013-004-Internal Controls Over Compliance Requirements That Have a Direct and Material Effect to Formula Grants For Other Than Urbanized Areas

The White County Council on Aging provides the county with quarterly reports regarding their transit activity. The Commissioners and Auditor review the material and the Commissioner President signs the grant request. The Auditor compares the approved request with the funding received and processes a warrant in the amount received to the Council on Aging.

The Auditor plans a site visit to verify compliance with the grant requirements. The Auditor will also obtain monthly reporting from the Council on Aging as outlined in the Pass-Through Agreement.

Respectfully,

Gayle E. Rogers

Gayle E. Rogers

White County Auditor

COUNTY AUDITOR
WHITE COUNTY
AUDIT RESULT AND COMMENT

OVERDRAWN CASH BALANCE (Soil & Water (Payroll))

The financial statement presented for the County included the Soil & Water (Payroll Fund) which had an overdrawn cash balance at December 31, 2013, of $4,268.

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
WHITE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 29, 2014, with Gayle E. Rogers, Auditor, and John C. Heimlich, President of the Board of County Commissioners.

COUNTY TREASURER
WHITE COUNTY

COUNTY TREASURER
WHITE COUNTY
FEDERAL FINDING

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April 29, 2014

State Board of Accounts

Annual Audit 2013 Corrective Action

Section II – Financial Statement Findings

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Section III – Federal Award Findings and Questioned Costs

Finding 2013-003-Internal Controls Over Compliance Requirements That Have a Direct and Material Effect to Child Support Enforcement

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The Auditor plans a site visit to verify compliance with the grant requirements. The Auditor will also obtain monthly reporting from the Council on Aging as outlined in the Pass-Through Agreement.

Respectfully,

Gayle E. Rogers

White County Auditor

COUNTY TREASURER
WHITE COUNTY
AUDIT RESULT AND COMMENT

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the Treasurer's Cash Book to the bank account balances were conducted; however, the reconciliations contained errors and did not balance. At December 31, 2013, the Cash Book balance exceeded the reconciled bank balance by $513.51. In addition, the Treasurer's and the Auditor's fund balances agreed to each other but were in excess of the reconciled bank account balances by $94,674.81 at December 31, 2013. A similar comment also appeared in the prior Report B42370.

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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

COUNTY TREASURER
WHITE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 29, 2014, with Jill Guingrich, Treasurer; Gayle E. Rogers, Auditor; and John C. Heimlich, President of the Board of County Commissioners.

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COUNTY CLERK
WHITE COUNTY

COUNTY CLERK
WHITE COUNTY
FEDERAL FINDING

FINDING 2013-003 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO CHILD SUPPORT ENFORCEMENT

Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Year: 2013
Pass-Through Entity: Indiana Department of Child Services

Management of the County has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and some of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements: Activities Allowed, Allowable Costs, Cash Management, and Reporting. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

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These deficiencies were reported in the County's 2012 Audit Report. The County's Summary Schedule of Prior Audit Findings, as presented in this report, does not accurately represent the current status of the finding.

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OMB Circular A-133, Subpart C, section .300 states in part:

> "The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds to the County.

We recommended that the County's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements that have a direct and material effect on the program.

Gayle E. Rogers

White County Auditor

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April 29, 2014

State Board of Accounts

Annual Audit 2013 Corrective Action

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Section III – Federal Award Findings and Questioned Costs

Finding 2013-003-Internal Controls Over Compliance Requirements That Have a Direct and Material Effect to Child Support Enforcement

White County has contracted with Maximus, a state approved consultant, to process its Title IV-D federal and state reimbursement. Maximus visited White County to conduct a study in each affected department to determine the percentage of reimbursement for which White County is entitled. Those departments are in communication with Maximus anytime necessary if they have a question or to inform Maximus of any departmental changes that might make a difference in Title IV-D calculation. Maximus possesses proprietary software for this calculation. The calculation information is not available to the county. The department head submits payroll and claims to the Auditor for processing. The Auditor's deputy submits requested funding information to Maximus. Maximus supplies the Clerk's and Prosecutor's offices with monthly reports. The Auditor compiles the quarterly report to the state along with funding backup reports. Maximus provides White County with an annual report for departments, Commissioners and Council to review. Contracting with Maximus is negotiated by the Board of Commissioners.

Due to the nature of confidentiality of Maximus, a state approved vendor for this service, it is neither economically responsible nor efficient in any manner to consider White County employees investing the time and effort to mirror the work that Maximus contracts to do for us. We were not capturing the maximum amount possible when we were doing this work in house. We trust the state to recommend and approve only vendors capable of doing the job correctly and to the utmost advantage of the county.

Finding 2013-004-Internal Controls Over Compliance Requirements That Have a Direct and Material Effect to Formula Grants For Other Than Urbanized Areas

The White County Council on Aging provides the county with quarterly reports regarding their transit activity. The Commissioners and Auditor review the material and the Commissioner President signs the grant request. The Auditor compares the approved request with the funding received and processes a warrant in the amount received to the Council on Aging.

The Auditor plans a site visit to verify compliance with the grant requirements. The Auditor will also obtain monthly reporting from the Council on Aging as outlined in the Pass-Through Agreement.

Respectfully,

Gayle E. Rogers

Gayle E. Rogers

White County Auditor

COUNTY CLERK
WHITE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 29, 2014, with Paula L. Lantz, Clerk; Gayle E. Rogers, Auditor; and John C. Heimlich, President of the Board of County Commissioners.

COUNTY PROSECUTOR
WHITE COUNTY

COUNTY PROSECUTOR
WHITE COUNTY
FEDERAL FINDING

FINDING 2013-003 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO CHILD SUPPORT ENFORCEMENT

Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Year: 2013
Pass-Through Entity: Indiana Department of Child Services

Management of the County has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and some of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements: Activities Allowed, Allowable Costs, Cash Management, and Reporting. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

Management of the County has contracted with an external consulting company to develop a cost allocation plan and submit monthly reports based on payroll and claim information supplied by the County Auditor's Office. Amounts submitted on the monthly reports are based on the consultant's cost allocation plan for the County and do not directly tie to the payroll and claim information provided. No one at the County verified the accuracy of the reports submitted to the State for reimbursement. Segregation of duties, such as an oversight, review, or approval process has not been established.

These deficiencies were reported in the County's 2012 Audit Report. The County's Summary Schedule of Prior Audit Findings, as presented in this report, does not accurately represent the current status of the finding.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

> "The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds to the County.

We recommended that the County's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements that have a direct and material effect on the program.

Gayle E. Rogers

White County Auditor

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April 29, 2014

State Board of Accounts

Annual Audit 2013 Corrective Action

Section II – Financial Statement Findings

Finding 2013-001-Internal Controls Over Financial Transactions and Reporting

Reports of collections and claims are signed by department heads prior to submission to the accounting staff. Reports of collections are first verified in the Treasurer's office, then sent to the Auditor's office for production of a Quietus which is signed by both the Auditor and the Treasurer and a copy disbursed to the department head. The Treasurer is responsible for depositing all collections. Claims are reviewed and entered into the accounting software by the Auditor; payroll claims are entered by the 2nd Deputy. Claims are emailed to the County Commissioners a minimum of five days, but generally seven to ten days, prior to their public meeting at which they will either approve or deny the claims. This gives the Commissioners time to evaluate the claims and come to the Auditor's office to review and receive clarification of the claims so they are familiar with the claims before the public meeting. All claims are approved by the Board of County Commissioners in a public meeting after which warrants are distributed to the respective department heads for disbursement to employees and vendors. Investment fund detail is the responsibility of the 2nd Deputy in the Auditor's office and currently reviewed monthly by the Auditor. The County Council and the County Board of Commissioners receive monthly fund reports including revenues, expenditures and balances of each county fund. The Auditor is responsible for reporting financial statements and balancing the statement with the accounting software. There have been no misstatements in 2013 or 2014. A strong communication network exists between the Auditor, the County Council and the Board of County Commissioners which facilitates upper management's awareness of the financial office and its segregation of duties.

Finding 2013-002-Internal Control Over the Schedule of Expenditures of Federal Awards

County entities applying for grants are required to submit copies of applications, awards and all reports to the Auditor's office for review and filing. All claims, excluding schools, townships and libraries are processed through the Auditor's office. When a grant administration service is involved, that service is required to

funnel all reports and forms to the White County Auditor. Expenditures are processed as described in Finding 2013-001 above. The White County Board of Commissioners, the White County Council and county department heads have daily access to accurate, up-to-date fund history in the Auditor's office of all county funds for grant tracking purposes. The Auditor's office has made great strides in complying with SEFA requirements. Each grant is tracked in its own fund and all paperwork, including receipts and disbursements, is copied and kept in a separate folder labeled appropriately. Care is taken to locate and notate pertinent information such as names, pass through entities and identifying numbers. The Auditor is in close contact with applicable department heads to ensure accurate receipting, disbursing and tracking. The Auditor continues to gather knowledge in the area of grant education and hopes to take advantage of any available training in this field.

Section III – Federal Award Findings and Questioned Costs

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Due to the nature of confidentiality of Maximus, a state approved vendor for this service, it is neither economically responsible nor efficient in any manner to consider White County employees investing the time and effort to mirror the work that Maximus contracts to do for us. We were not capturing the maximum amount possible when we were doing this work in house. We trust the state to recommend and approve only vendors capable of doing the job correctly and to the utmost advantage of the county.

Finding 2013-004-Internal Controls Over Compliance Requirements That Have a Direct and Material Effect to Formula Grants For Other Than Urbanized Areas

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The Auditor plans a site visit to verify compliance with the grant requirements. The Auditor will also obtain monthly reporting from the Council on Aging as outlined in the Pass-Through Agreement.

Respectfully,

Gayle E. Rogers

Gayle E. Rogers

White County Auditor

COUNTY PROSECUTOR
WHITE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 29, 2014, with Jamie McKean, Title IV-D Administrator; Gayle E. Roger, Auditor; and John C. Heimlich, President of the Board of County Commissioners.