

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TIPPECANOE COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED

07/01/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Jennifer Weston	01-01-11 to 12-31-14
Treasurer	Robert Plantenga	01-01-13 to 12-31-16
Clerk	Christa Coffey	01-01-11 to 12-31-14
Sheriff	Tracy Brown	01-01-11 to 12-31-14
Recorder	Oneta Tolle	01-01-11 to 12-31-14
President of the Board of County Commissioners	David S. Byers John L. Knochel	01-01-13 to 12-31-13 01-01-14 to 12-31-14
President of the County Council	Roland K. Winger David Williams	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
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INDIANAPOLIS, INDIANA 46204-2769

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TO: THE OFFICIALS OF TIPPECANOE COUNTY, INDIANA

This report is supplemental to our audit report of Tippecanoe 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 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.

Any Corrective Action Plan for the Federal Findings, incorporated within this report, was not verified for accuracy.

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

April 29, 2014

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COUNTY AUDITOR
TIPPECANOE COUNTY

COUNTY AUDITOR
TIPPECANOE COUNTY
FEDERAL FINDING

FINDING 2013-001 - INTERNAL CONTROL OVER PAYROLL TRANSACTIONS

We noted deficiencies in the internal control system of the County related to payroll transactions. An effective internal controls system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material errors or misstatements will be prevented, or detected and corrected, on a timely basis. Effective internal controls over the timekeeping, recording, and reporting of payroll transactions requires a review and approval process over the distribution of payroll to the various funds by individuals not directly involved in the payroll process.

No audit evidence was presented to document the review of nonfederally funded payroll timekeeping, recording, and reporting of the payroll distributions by anyone other than the payroll bookkeeper.

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 objections, 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)



Jennifer Weston
20 N. 3rd Street
Lafayette, Indiana 47901-1214

Phone: 765-423-9207
Fax: 765-423-9354
jweston@tippecanoe.in.gov

CORRECTIVE ACTION PLAN

FINANCIAL STATEMENT FINDING 2013-001 - INTERNAL CONTROL OVER PAYROLL TRANSACTIONS

Auditee Contact Person: Jennifer Weston
Title of Contact Person: Auditor
Phone Number: 765-423-9207
Expected Completion Date: June 30, 2014

Corrective Action:

Tippecanoe County implemented a new payroll software system as of January 1, 2014. Internal controls have been and continue to be developed in conjunction with the new system. The timekeeping system will be set up for multiple approvals of employee timesheets. Once the timesheet is certified by an employee and approved by a second person of authority in the department, the time is electronically transferred into the payroll system. This lessens the chance of posting errors. Only the payroll bookkeeper can make changes to payroll after this process. Other controls are being developed as personnel learn and use the timekeeping and payroll systems.

Jennifer Weston
Tippecanoe County Auditor

John L. Knochel, President
Tippecanoe County Board of Commissioners

COUNTY AUDITOR
TIPPECANOE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 29, 2014, with Jennifer Weston, Auditor; John L. Knochel, President of the Board of County Commissioners; and David Williams, President of the County Council.

DEPARTMENT OF WOMEN, INFANTS, AND CHILDREN (WIC)
TIPPECANOE COUNTY

DEPARTMENT OF WOMEN, INFANTS, AND CHILDREN (WIC)
TIPPECANOE COUNTY
FEDERAL FINDING

FINDING 2013-002 - INTERNAL CONTROLS OVER THE ELIGIBILITY COMPLIANCE REQUIREMENT THAT HAS A DIRECT AND MATERIAL EFFECT TO SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN

Federal Agency: Department of Agriculture

Federal Program: Special Supplemental Nutrition Program for Women, Infants, and Children

CFDA Number: 10.557

Federal Award Numbers: WIC 178-2, WPCG 178-10

Pass-Through Entity: Indiana Department of Health

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 Eligibility compliance requirements that have a direct and material effect on the program. The deficiencies noted resulted from the lack of a review process over the determination of eligibility. The eligibility process has two components, financial and nutritional risk. Each component is determined by separate program personnel, but neither component of the determination was reviewed. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could also allow noncompliance with the compliance requirement and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

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, 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. Non-compliance 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 requirement noted above that has a direct and material effect on the program.



Supplemental Nutrition Food Program for
Women, Infants, and Children
Tippecanoe County WIC Program
1322 Tippecanoe St.
Lafayette, IN 47904

CORRECTIVE ACTION PLAN

Federal Finding 2013-002

Internal Controls over the Eligibility Compliance Requirement that has a Direct and Material Effect to the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) Program

Date: April 29, 2014

Auditee Contact Person: Colleen Batt

Title of the Contact Person: Coordinator

Phone number: 765-420-9998

Expected Completion Date: June 30, 2014

Tippecanoe County WIC is in compliance with Indiana WIC Policy regarding determination of eligibility. Indiana policy requires two separate employees determine each component of eligibility. One employee determines residency and income and another determines nutritional risk factors.

Current funding, staffing requirements and policies do not allow a reexamination of each component of the eligibility determination. USDA reviews all state policies to determine if they meet USDA requirements. The finding from the Tippecanoe County State Board of Accounts review will be forwarded to ISDH.

All WIC Programs are reviewed every two years for compliance with state policy. Tippecanoe County's review is scheduled in June.

Colleen Batt, RD
WIC Coordinator

John L. Knochel, President
Tippecanoe County Board of Commissioners

DEPARTMENT OF WOMEN, INFANTS, AND CHILDREN (WIC)
TIPPECANOE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 29, 2014, with Colleen C. Batt, Director of WIC; John L. Knochel, President of the Board of County Commissioners; and David Williams, President of the County Council.

COUNTY CLERK
TIPPECANOE COUNTY

COUNTY CLERK
TIPPECANOE COUNTY
FEDERAL FINDING

***FINDING 2013-003 - INTERNAL CONTROLS OVER REPORTING 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: CY2013
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 the Reporting compliance 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.

The County executed an agreement with Malinowski Consulting, Inc., in June of 2011 for the preparation of the monthly Clerk of the Circuit Court Title IV-D expenditure reimbursement claims to the Department of Child Services (DCS) of the State of Indiana. During 2013, their services included the preparation of the Clerk's General fund and Record Perpetuation fund monthly claims for reimbursement as well as the Clerk's IV-D Incentive quarterly reporting based on information provided by the Clerk's Office. The Clerk signed the reimbursement claims and reports but did not monitor the compliance with the program requirements. For most of 2013, the Clerk relied on Malinowski Consulting for compliance and did not review their work. In August of 2013, the Clerk began reviewing the reimbursement claims and reports completed by Malinowski Consulting before they were submitted to DCS.

The Clerk should continue to maintain an internal control system 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 requirement noted above that has a direct and material effect on the program.



County Courthouse
301 Main Street
Lafayette, Indiana 47901

PO Box 1665
Lafayette, Indiana 47902
phone 765.423.9326
fax 765.423.9194

Christa Coffey
clerk@tippecanoe.in.gov

www.tippecanoe.in.gov/clerk

Tippecanoe County Clerk of the Courts

CORRECTIVE ACTION PLAN

FINDING 2013-003

Contact Person Responsible for Corrective Action: Christa Coffey, Clerk


Contact Phone Number: 765-423-9724

Description of Corrective Action Plan

The Clerk or an assigned staff member reviews the monthly and quarterly IV-D reimbursement claims prepared by Malinowski Consulting for allowable costs and accuracy before each is submitted to DCS.

Anticipated Completion Date

A corrected process was implemented in August, 2013; review of the prepared claims described above is performed before claims are submitted to DCS.



Christa Coffey
Tippecanoe County Clerk

Dated: 06-03-2014

COUNTY CLERK
TIPPECANOE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 29, 2014, with Christa Coffey, Clerk; John L. Knochel, President of the Board of County Commissioners; and David Williams, President of the County Council.