

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BOONE COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
09/12/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Deanna Willhoite	01-01-13 to 12-31-16
Treasurer	Deborah Ottinger	01-01-13 to 12-31-16
Clerk	Penny Bogan	01-01-13 to 12-31-16
Sheriff	Ken Campbell Major Mike Nielsen (Acting)	01-01-11 to 06-19-14 06-20-14 to 12-31-14
Recorder	Nikki Baldwin	01-01-13 to 12-31-16
President of the Board of County Commissioners	Jeff Wolfe Donny Lawson	01-01-13 to 12-31-13 01-01-14 to 12-31-14
President of the County Council	Steve Jacob	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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF BOONE COUNTY, INDIANA

This report is supplemental to our audit report of Boone 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.

The 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

August 12, 2014

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COUNTY AUDITOR
BOONE COUNTY

COUNTY AUDITOR
BOONE COUNTY
FEDERAL FINDING

***FINDING 2013-001 - INTERNAL CONTROLS AND COMPLIANCE
OVER 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). Having proper controls in place over the preparation of the SEFA would 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, it was determined that a grant spreadsheet was maintained to document all information needed to prepare a SEFA; however, that spreadsheet was not completely accurate (i.e., some grants not included, incorrect receipts and disbursements recorded, and amounts passed through to subrecipients not documented) nor was it used in the preparation of the SEFA. The information the County did use was obtained from the County's ledgers. No comparison of the ledgers to the grant spreadsheet was made and no review and approval of the SEFA was performed. The following errors were noted on the SEFA presented for audit: (1) three grants were not reported, one being a material dollar amount; (2) amounts of various grants reported were incorrect; and (3) federal program titles were not always correct. 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 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)

COUNTY AUDITOR
BOONE COUNTY
FEDERAL FINDING
(Continued)

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."

OMB Circular A-133, Subpart C, section .310(b) states in part:

"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."

BOONE COUNTY AUDITOR

201 COURTHOUSE SQUARE

LEBANON, IN 46052

PHONE: (765) 482-2940

FACSIMILE: (765) 483-4434

DEANNA WILLHOITE, AUDITOR

CORRECTIVE ACTION PLAN

FINDING 2013-001

Contact Person Responsible for Corrective Action: Deanna Willhoite

Contact Phone Number: (765) 482-2940

Description of Corrective Action Plan:

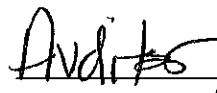
The Boone County Auditor's office has enacted procedures which require departments to report detailed information on all grants received. We are implementing the use of the attached grant reporting form, which we will now ask each department to complete for all grants, including new and recurring grants. Many of our grants are recurring. However, we will require submission of this form each year, as most grant identification numbers change on an annual basis. All departments receiving federal funding will also be required to submit a spreadsheet with duplicate fields as the SEFA, which must be signed by the respective department head and will be reviewed, receipts verified and approved by the auditor's office, before reporting via Gateway.

I plan to carbon copy the State Auditor's office to request that the State Auditor and other state offices improve reporting descriptions, such as grant identification numbers, to local units when disbursements are made, especially when it comes to federal grants. There is a definite need for improvement in communication between federal, state and local offices in this area. We plan to do our part to ensure that this happens and pray that respective offices follow suit or also be held accountable for not doing so.


Anticipated Completion Date: Immediate



(Signature)



(Title)



(Date)

COUNTY AUDITOR
BOONE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 12, 2014, with Deanna Willhoite, Auditor.

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COUNTY SHERIFF
BOONE COUNTY

COUNTY SHERIFF
BOONE COUNTY
AUDIT RESULT AND COMMENT

BANK ACCOUNT RECONCILIATIONS (SHERIFF COMMISSARY)

The Acting Sheriff requested a review of the Commissary Fund subsequent to the year ended December 31, 2013. The period covered by this review was January 1 to June 20, 2014. The last depository reconciliation presented for audit was for the month ended April 30, 2014. This reconciliation included invalid outstanding checks. When these invalid outstanding checks were removed from the reconciliation, a cash long of \$21.93 at April 30, 2014, was identified.

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."

COUNTY SHERIFF
BOONE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 11, 2014, with Ken Campbell, former Sheriff, and Major Mike Nielsen, Acting Sheriff.

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COUNTY AREA PLAN COMMISSION
BOONE COUNTY

COUNTY AREA PLAN COMMISSION
BOONE COUNTY
AUDIT RESULT AND COMMENT

DEPOSITS

Receipts were deposited later than the next business day in 60 percent of receipts tested.

Indiana Code 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

COUNTY AREA PLAN COMMISSION
BOONE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 11, 2014, with Rachel Cardis, Executive Director of Area Plan Commission, via telephone.