

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

PUTNAM COUNTY, INDIANA

January 1, 2013 to December 31, 2013



**FILED**  
09/30/2014



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Lorie Hallett	01-01-13 to 12-31-16
Treasurer	Sharon Owens	01-01-13 to 12-31-16
Clerk	Marty Watts	01-01-11 to 12-31-14
Sheriff	Steve Fenwick	01-01-11 to 12-31-14
Recorder	Opal Sutherlin	01-01-11 to 12-31-14
President of the Board of County Commissioners	Nancy Fogle Donald K. Walton	01-01-13 to 06-17-13 06-18-13 to 12-31-14
President of the County Council	Darrel L. Thomas	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](http://www.in.gov/sboa)

TO: THE OFFICIALS OF PUTNAM COUNTY, INDIANA

This report is supplemental to our audit report of Putnam 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/](http://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.

Any Corrective Action Plan for the Federal Findings 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

August 26, 2014

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COUNTY AUDITOR  
PUTNAM COUNTY

COUNTY AUDITOR  
PUTNAM COUNTY  
FEDERAL FINDINGS

***FINDING 2013 -001 - INTERNAL CONTROLS OVER PREPARATION OF THE FINANCIAL STATEMENT AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

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. Preparation of Annual Report: As stated in the prior three audits, the County Auditor has not established proper procedures for a separate review of the financial information reported in the Gateway Annual Financial Report prior to its submission. The Annual Financial Report is used to generate the County Financial Statement. The failure to establish these controls and perform the control activities resulted in the Financial Statement containing material errors.
2. Preparation of the Schedule of Expenditures of Federal Awards (SEFA): The County Auditor did not have a proper system of internal control in place to prevent or detect errors on the SEFA. During the audit of the SEFA, we noted the following errors: The federal expenditures reported on the SEFA were understated \$1,563,679. Also, many required sections of the SEFA were either incorrect or incomplete.

Audit adjustments were proposed, accepted by the County, and made to the Financial Statement and to the SEFA presented in this report.

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 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."

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  
PUTNAM COUNTY  
FEDERAL FINDINGS  
(Continued)

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) 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."
- (2) 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 I the Department of Health and Human Services.
- (3) 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.

***FINDING 2013-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

We noted the following deficiencies in the internal control system of the County Auditor and County Treasurer related to financial transactions and reporting. The failure to establish and maintain internal controls could enable material misstatements or irregularities to remain undetected. We believe the following deficiencies constitute a material weakness:

1. Reconciliation of County Auditor's Ledger and County Treasurer's Ledger: The County has designed a control procedure in which the County Treasurer prints the fund balances in her ledger after balancing with the bank each month and gives the printout to the County Auditor. The County Auditor compares the balances of the funds in the County Treasurer's Ledger with the balances of the funds in the County Auditor's Ledger and investigates any differences. During 2013, the reconciliations between the offices were not completed, which resulted in errors not being identified and corrected. The failure to perform this control activity resulted in the total cash balance in the County Auditor's Ledger differing from the total cash balance in the County Treasurer's Ledger by \$5,323,998.49 at December 31, 2013. The majority of the difference was created by the County Auditor's Office double posting investment transactions in the amount of \$4,438,500, and the posting of a CEDIT Homestead Credit distribution in the amount of \$856,224.68 to the County Auditor's records.
2. Deposits Not Timely: Receipts were deposited later than the next business day per inquiry of the County Treasurer and the Deputy Treasurer. The failure to deposit timely could result in missing funds or incomplete financial statement receipts.
3. Ledgers: The County Cash Ledger by fund does not report the same cash and investment balance as the County Combined Ledger by location at December 31, 2013. Not all funds appear in the in the County Cash Ledger by fund.

COUNTY AUDITOR  
PUTNAM COUNTY  
FEDERAL FINDINGS  
(Continued)

When posting to the County Auditor's Cash Ledger by fund, or the County Auditor's Combined Ledger by location, fund numbers are assigned to transactions but the underlying object code that separates receipts from disbursements was not always utilized. This improper posting causes receipts and disbursements to be combined into the same area of the ledger.

Indiana Code 5-13-6-1(c)

". . . 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 . . ."

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 County Auditors of Indiana, Chapter 14) (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

**PUTNAM COUNTY AUDITOR'S OFFICE**

1 W. WASHINGTON ST., RM 20  
GREENCASTLE, IN 46135  
(765) 653-5513

August 19, 2014

**CORRECTIVE ACTION PLAN**

FINDING 2013-001—INTERNAL CONTROL OVER THE PREPARATION OF  
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

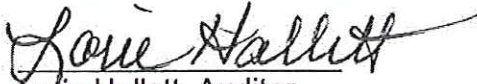
Contact Person Responsible for Corrective Action: Lorie Hallett

Contact Phone Number: 765-653-5513

Corrective Action Plan:

The Putnam County Auditor will work with all departments to ensure that all grant information is accurate, and all correct information is reported on the Schedule of Expenditures of Federal Awards.

The Putnam County Auditor will review the Federal Grants site to ensure that all information is accurate in the Gateway system.

  
Lorie Hallett, Auditor

**PUTNAM COUNTY AUDITOR'S OFFICE**

1 W. WASHINGTON ST., RM 20  
GREENCASTLE, IN 46135  
(765) 653-5513

August 19, 2014

**CORRECTIVE ACTION PLAN**

FINDING 2013-002—INTERNAL CONTROL OVER THE PREPARATION OF  
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person Responsible for Corrective Action: Lorie Hallett

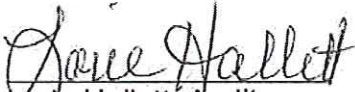
Contact Phone Number: 765-653-5513

Corrective Action Plan:

The Putnam County Auditor's Office will within three weeks of the end of the month request from the Putnam County Treasurer a monthly comparison of the Treasurer's ledger. The Auditor will work diligently with the Treasurer to resolve the current monthly balancing issue.

This plan will be put into place beginning September 2014.

The Putnam County Auditor is also working with our software company to resolve discrepancies in our ledger reports. This process was initiated in May 2014.

  
Lorie Hallett, Auditor

COUNTY AUDITOR  
PUTNAM COUNTY  
AUDIT RESULTS AND COMMENTS

***CEDIT DISTRIBUTIONS***

The County Economic Development Income Tax did not have a zero balance after distributions to the local governmental units were made. The balance in the fund is made up of amounts not distributed from prior periods. The prior period errors need to be researched and corrected.

Indiana Code 6-3.5-7-16.5 states:

"(a) The county auditor shall timely distribute the certified distribution received under section 12 of this chapter to each city and town that is a recipient of a certified distribution.

(b) A distribution is considered to be timely made if the distribution is made not later than ten (10) working days after the date the county treasurer receives the county's certified distribution under section 12 of this chapter."

***COMPENSATION AND BENEFITS***

The 2013 salary ordinance was not presented for audit.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 18)

***ANNUAL FINANCIAL REPORT***

The Annual Financial Report for 2013 contained a number of errors and did not properly reflect the financial activity of the County. In addition, it was not filed electronically until March 7, 2013. As stated in the prior three audit reports, the County Auditor has not established proper procedures for a separate review of the financial information reported in the Gateway Annual Financial Report prior to its submission.

COUNTY AUDITOR  
PUTNAM COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

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."

***OVERDRAWN CASH BALANCES***

The financial statements presented in this report included multiple funds with overdrawn cash balances at December 31, 2013. Some overdrawn cash balances are from reimbursement grants with outstanding receivables. No exception is taken for the overdrawn cash balances in reimbursable grant funds.

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)

***RECEIPT POSTINGS***

We conducted a test designed to verify that receipts were properly recorded to the County Auditor's Ledger at the time the transactions occurred. Our test of this procedure found that most of the receipts tested were not recorded within a day or two of the transaction, and 56 percent of those receipts were not recorded until the month following the transaction.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana Chapter 14)

COUNTY AUDITOR  
PUTNAM COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 26, 2014, with Lori Hallett, Auditor; Evelyn Williams, First Deputy Auditor; Max L. Watts, County Commissioner; and James W. Ensley, County Attorney.

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COUNTY TREASURER  
PUTNAM COUNTY

COUNTY TREASURER  
PUTNAM COUNTY  
FEDERAL FINDING

***FINDING 2013-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

We noted the following deficiencies in the internal control system of the County Auditor and County Treasurer related to financial transactions and reporting. The failure to establish and maintain internal controls could enable material misstatements or irregularities to remain undetected. We believe the following deficiencies constitute a material weakness:

1. Reconciliation of County Auditor's Ledger and County Treasurer's Ledger: The County has designed a control procedure in which the County Treasurer prints the fund balances in her ledger after balancing with the bank each month and gives the printout to the County Auditor. The County Auditor compares the balances of the funds in the County Treasurer's Ledger with the balances of the funds in the County Auditor's Ledger and investigates any differences. During 2013, the reconciliations between the offices were not completed, which resulted in errors not being identified and corrected. The failure to perform this control activity resulted in the total cash balance in the County Auditor's Ledger differing from the total cash balance in the County Treasurer's Ledger by \$5,323,998.49 at December 31, 2013. The majority of the difference was created by the County Auditor's Office double posting investment transactions in the amount of \$4,438,500, and the posting of a CEDIT Homestead Credit distribution in the amount of \$856,224.68 to the County Auditor's records.
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COUNTY TREASURER  
PUTNAM COUNTY  
FEDERAL FINDING  
(Continued)

When posting to the County Auditor's Cash Ledger by fund, or the County Auditor's Combined Ledger by location, fund numbers are assigned to transactions but the underlying object code that separates receipts from disbursements was not always utilized. This improper posting causes receipts and disbursements to be combined into the same area of the ledger.

Indiana Code 5-13-6-1(c)

". . . 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 . . ."

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 County Auditors of Indiana, Chapter 14) (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

PUTNAM COUNTY  
TREASURER

COURTHOUSE ROOM 22  
GREENCASTLE, IN. 46135  
Email: [treasurer@putnamcountyin.us](mailto:treasurer@putnamcountyin.us)  
765-653-4510 Fax: 765-653-171

CORRECTIVE ACTION PLAN

FINDING 2013-002 – INTERNAL CONTROLS OVER FINANCIAL  
TRANSACTIONS AND REPORTING

Contact Person Responsible for Corrective Action: Sharon Owens  
Contact Phone Number: (765) 653-4510

Corrective Action Plan:

The Putnam County Treasurer's office will make daily deposits beginning immediately.

We will also continue to work with the Auditor's office in making sure the Treasurer's Fund Ledger and the Auditor's Fund Ledger balance monthly. I will ask that the Auditor's office keep a binder of all correcting entries made on their side each month which should also include my signature that I have received a copy. I will also retain a copy of the correcting entry on file in the Treasurer's office. This will begin the month of August 2014.



Putnam County Treasurer  
August 19, 2014

COUNTY TREASURER  
PUTNAM COUNTY  
AUDIT RESULTS AND COMMENTS

**DEPOSITS**

In numerous instances, receipts were deposited later than the next business day.

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 . . ."

**CONDITION OF RECORDS**

Financial records presented for audit by the County Treasurer's Office indicated the following deficiencies:

1. The County Treasurer's Daily Balance of Cash and Depositories (Cash Book) was not maintained on a daily basis. Several days' activity were typically combined and posted on one page.
2. For the month of October 2013, the original calculator tapes used by the office to document the receipts making up each bank deposit and supporting the receipts comprising Line 69 in the Cash Book were not available for audit.

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)

Every public officer in this state, who receives or distributes public funds, shall keep a cash book wherein there shall be entered daily, by item, all receipts of public funds. The cash book shall be balanced daily, shall show funds on hand at the close of each day, and shall be a public record open to public inspection. [IC 5-13-5-1]

The Treasurer's Daily Balance of Cash and Depositories, Form 47, is the record prescribed to enable the treasurer to comply with IC 5-13-5-1. It reflects the daily receipts and disbursements, total amount of cash and investments on hand, and a proof of the financial condition of the office at the close of each day.

The record is designed to be posted "daily," with a separate page for each day. The left side of the page shows the total amount of money for which the treasurer is accountable (charges) and the right side of the page shows the money on deposit, invested or on hand (credits), as p[roof of the financial condition. (Accounting and Uniform Compliance Guideline Manual for County Treasurers of Indiana, Chapter 4)

COUNTY TREASURER  
PUTNAM COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 26, 2014, with Sharon Owens, Treasurer; Kathy A. Minnick, First Deputy Treasurer; Max L. Watts, County Commissioner; and James W. Ensley, County Attorney.

COUNTY SHERIFF  
PUTNAM COUNTY

COUNTY SHERIFF  
PUTNAM COUNTY  
FEDERAL FINDINGS

***FINDING 2013-004 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE EQUITABLE SHARING PROGRAM***

Federal Agency: Department of Justice

Federal Program: Equitable Sharing Program

CFDA Number: 16.922

Federal Award Number and Year (or Other Identifying Number): Prosecutor 2013 and Sheriff 2013  
Direct Grant

Management of the County has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and certain compliance requirements that have a direct and material effect to the Equitable Sharing Program. This includes the Special Tests and Provisions compliance requirements. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirements.

The County has not designed or implemented adequate policies and procedures to ensure that Equitable Sharing Program funds are not commingled with nonprogram funds, and that proper forms including the Application for Transfer of Federally Forfeited Property (DAG - 71 Form) and the required log of the forms are maintained. Segregation of duties, such as an adequate oversight or approval process to ensure that only Equitable Sharing Program receipts and disbursements are posted to the program fund, have not been established.

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 of the grant agreement or the compliance requirements that have a direct and material effect to 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 compliance requirements.



COUNTY SHERIFF  
PUTNAM COUNTY  
FEDERAL FINDINGS  
(Continued)

**FINDING 2013-006 - SPECIAL TESTS AND PROVISIONS -  
MAINTAIN A LOG AND COPIES OF ALL FORMS DAG-71**

Federal Agency: Department of Justice  
Federal Program: Equitable Sharing Program  
CFDA Number: 16.922  
Federal Award Number and Year (or Other Identifying Number): 2013 Prosecutor and 2013 Sheriff  
Direct Grant

The County is not in compliance with the Equitable Sharing Program Special Tests and Provisions requirements. Neither the County Prosecuting Attorney's Office nor the County Sheriff's Office maintained a log of the Application for Transfer of Federally Forfeited Property (DAG-71) forms they submitted to the Department of Justice. The log should contain the type of items seized, the amount, the share amount requested by the local agency, and the actual amount received. The log kept by the local agency serves as a tracking system and a base for comparison to the information provided by the Department of Justice website.

The County Sheriff's Office did not retain copies of the all the Forms DAG-71 that they forwarded to the Department of Justice.

Page 26 of the U.S. Department of Justice's *Guide to Equitable Sharing for State and Local Law Enforcement Agencies* states in part:

- "4. Maintain a log and copies of all Forms DAG-71 forwarded to the Department of Justice. A consecutive numbering system should be used for control purposes. The log should contain seizure type (property or currency), amount, share amount requested, amount received, and date received.
5. Update the log when an E-Share notification is received. The amount received may differ from the amount requested."

Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the County.

We recommended that the County Prosecuting Attorney and County Sheriff each properly maintain a log of the Forms DAG-71 they submit to the Department of Justice. We further recommended that the County Sheriff retain all copies of the Forms DAG-71 that they send to the Department of Justice.

# Putnam County Sheriff's Department

Steve Fenwick, Sheriff  
Office: 765-653-3211  
Office Fax: 765-655-2131



13 Keightly Road \* P.O. Box 495 \* Greencastle, IN 46135

Jail Division: 765-653-1810

Jail Fax: 765-653-9337


## CORRECTIVE ACTION PLAN

**FINDING 2013-004:** INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE EQUITABLE SHARING PROGRAM

Contact Person Responsible for Corrective Action: Sheriff Steve Fenwick  
Contact Phone Number: (765)653-3211

Description of Corrective Action Plan: The Putnam County Sheriff's Department is designing a plan to regulate and oversee that all transactions in the equitable sharing fund are specifically related to the equitable sharing program. I, Sheriff Steve Fenwick, review each and every claim that is submitted for payment out of the equitable sharing fund and ensure it is an allowable expense. The Front Office staff reviews and maintains records sent monthly from the Auditor's Office to make certain no erroneous funds are placed into the equitable sharing fund.

Anticipated Completion Date: The Putnam County Sheriff's Department has started this corrective action as of August 18, 2014, and will continue to do so.

  
\_\_\_\_\_  
Sheriff Steve Fenwick  
(Signature)

\_\_\_\_\_  
SHERIFF  
(Title)

\_\_\_\_\_  
AUGUST 18, 2014  
(Date)

# Putnam County Sheriff's Department

Steve Fenwick, Sheriff  
Office: 765-653-3211  
Office Fax: 765-655-2131



13 Keightly Road \* P.O. Box 495 \* Greencastle, IN 46135  
Jail Division: 765-653-1810  
Jail Fax: 765-653-9337

## CORRECTIVE ACTION PLAN

**FINDING 2013-006 SPECIAL TESTS AND PROVISIONS – MAINTAIN A LOG AND COPIES OF ALL FORMS dag-71**

Contact Person Responsible for Corrective Action: Sheriff Steve Fenwick  
Contact Phone Number: 765-653-3211

Description of Corrective Action Plan: The Putnam County Sheriff's Department is utilizing a DAG-71 Log for DAG forms submitted to the Department of Justice. Along with the log, the Sheriff's Department is also keeping a copy of the DAG forms it submits. This log will document the type of seizure, amount, share amount requested, amount received and date received. The log will then serve as a comparison document to the information on the Department of Justice's website. The Narcotics Detective will prepare and maintain the DAG Log and I, Sheriff Steve Fenwick, will review the log on a quarterly basis.

Anticipated Completion Date: The Putnam County Sheriff's Department has started this corrective action as of August 18, 2014, and will continue to do so.

A handwritten signature in cursive script that reads "Steve Fenwick".

\_\_\_\_\_  
Sheriff Steve Fenwick  
(Signature)

\_\_\_\_\_  
SHERIFF  
(Title)

\_\_\_\_\_  
AUGUST 18, 2014  
(Date)

COUNTY SHERIFF  
PUTNAM COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 26, 2014, with Steve Fenwick, Sheriff; Ashley O'Hair, Sheriff Department Matron; Max L. Watts, County Commissioner; and James W. Ensley, County Attorney.

COUNTY PROSECUTING ATTORNEY  
PUTNAM COUNTY

COUNTY PROSECUTING ATTORNEY  
PUTNAM COUNTY  
FEDERAL FINDINGS

***FINDING 2013-004 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE EQUITABLE SHARING PROGRAM***

Federal Agency: Department of Justice  
Federal Program: Equitable Sharing Program  
CFDA Number: 16.922  
Federal Award Number and Year (or Other Identifying Number): Prosecutor 2013 and Sheriff 2013  
Direct Grant

Management of the County has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and certain compliance requirements that have a direct and material effect to the Equitable Sharing Program. This includes the Special Tests and Provisions compliance requirements. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirements.

The County has not designed or implemented adequate policies and procedures to ensure that Equitable Sharing Program funds are not commingled with nonprogram funds, and that proper forms including the Application for Transfer of Federally Forfeited Property (DAG - 71 Form) and the required log of the forms are maintained. Segregation of duties, such as an adequate oversight or approval process to ensure that only Equitable Sharing Program receipts and disbursements are posted to the program fund, have not been established.

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 of the grant agreement or the compliance requirements that have a direct and material effect to 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 compliance requirements.

COUNTY PROSECUTING ATTORNEY  
PUTNAM COUNTY  
FEDERAL FINDINGS  
(Continued)

***FINDING 2013-005 - SPECIAL TESTS AND PROVISIONS -  
COMMINGLING EQUITABLE SHARING FUNDS***

Federal Agency: Department of Justice  
Federal Program: Equitable Sharing Program  
CFDA Number: 16.922  
Federal Award Number and Year (or Other Identifying Number): 2013 Prosecutor  
Direct Grant

The County is not in compliance with the Special Tests and Provisions of the Equitable Sharing Program. The County designated the Asset Forfeiture fund as the accounting code for the Prosecutor's Equitable Sharing transactions, but also put some receipts from community service activities in that fund and paid disbursements in the amount of \$661 from the community service revenue.

Page 26 of the U.S. Department of Justice's *Guide to Equitable Sharing for State and Local Law Enforcement Agencies* states in part:

"The state or local participating law enforcement agency must:

1. Establish a separate revenue account or accounting code through the agency's finance department for the proceeds from the Department of Justice Equitable Sharing Program.

This account or accounting code will be used solely for funds from the Department of Justice Equitable Sharing Program. No other funds may be included in this account or with this accounting code.

2. Not commingle Department of Justice equitable sharing funds with funds from any other source. Corrective measures must be taken if this occurs."

Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the County.

We recommended that County officials properly maintain and post the financial records to adequately segregate Equitable Sharing Program funds from other funds.

***FINDING 2013-006 - SPECIAL TESTS AND PROVISIONS -  
MAINTAIN A LOG AND COPIES OF ALL FORMS DAG-71***

Federal Agency: Department of Justice  
Federal Program: Equitable Sharing Program  
CFDA Number: 16.922  
Federal Award Number and Year (or Other Identifying Number): 2013 Prosecutor and 2013 Sheriff  
Direct Grant

The County is not in compliance with the Equitable Sharing Program Special Tests and Provisions requirements. Neither the County Prosecuting Attorney's Office nor the County Sheriff's Office maintained a log of the Application for Transfer of Federally Forfeited Property (DAG-71) forms they submitted to the Department of Justice. The log should contain the type of items seized, the amount, the share amount requested by the local agency, and the actual amount received. The log kept by the local agency serves as a tracking system and a base for comparison to the information provided by the Department of Justice website.

COUNTY PROSECUTING ATTORNEY  
PUTNAM COUNTY  
FEDERAL FINDINGS  
(Continued)

The County Sheriff's Office did not retain copies of the all the Forms DAG-71 that they forwarded to the Department of Justice.

Page 26 of the U.S. Department of Justice's *Guide to Equitable Sharing for State and Local Law Enforcement Agencies* states in part:

- "4. Maintain a log and copies of all Forms DAG-71 forwarded to the Department of Justice. A consecutive numbering system should be used for control purposes. The log should contain seizure type (property or currency), amount, share amount requested, amount received, and date received.
5. Update the log when an E-Share notification is received. The amount received may differ from the amount requested."

Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the County.

We recommended that the County Prosecuting Attorney and County Sheriff each properly maintain a log of the Forms DAG-71 they submit to the Department of Justice. We further recommended that the County Sheriff retain all copies of the Forms DAG-71 that they send to the Department of Justice.





# OFFICE OF THE PROSECUTING ATTORNEY

64<sup>th</sup> INDIANA JUDICIAL CIRCUIT

TIM BOOKWALTER, Prosecutor

Putnam County Courthouse

One Courthouse Square, 4th Floor

Greencastle, Indiana 46135

Phone: 765-653-2724

Fax: 765-653-5526

Chief Deputy: Justin Long

Deputy Prosecutors: James Hanner, James Ensley

Investigator: David P. Meadows

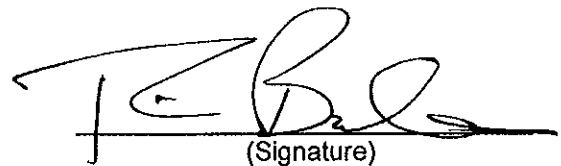
## CORRECTIVE ACTION PLAN

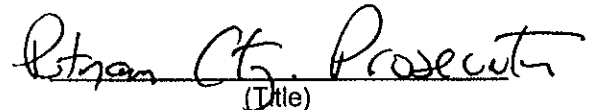
### ***FINDING 2013-004 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE EQUITABLE SHARING PROGRAM***

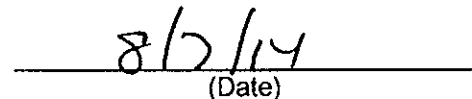
Contact Person Responsible for Corrective Action: Tim Bookwalter  
Contact Phone Number: 765-653-2724

Description of Corrective Action Plan: The Putnam County Prosecutor's Office is implementing internal controls to ensure that only equitable sharing transactions are run through this fund. I, Tim Bookwalter, review every claim for the Asset Forfeiture Fund to ensure the claim is for an equitable sharing expense and the Office Manager obtains and reviews printouts from the Putnam County Auditor on a monthly basis to ensure no other revenues are put in the fund by the Auditor's Office.

Anticipated Completion Date: The Putnam County Prosecutor's Office has started this corrective action as of August 4, 2014, and will continue to do so.

  
(Signature)

  
(Title)

  
(Date)



**OFFICE OF THE PROSECUTING ATTORNEY**  
**64<sup>th</sup> INDIANA JUDICIAL CIRCUIT**  
**TIM BOOKWALTER, Prosecutor**

Putnam County Courthouse  
One Courthouse Square, 4th Floor  
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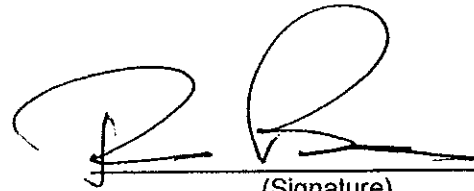
**CORRECTIVE ACTION PLAN**

***FINDING 2013-005 – Special Tests and Provisions – Commingling Equitable Sharing Funds***

Contact Person Responsible for Corrective Action: Tim Bookwalter  
Contact Phone Number: 765-653-2724

Description of Corrective Action Plan: The Putnam County Prosecutor's Office has taken action to eliminate this problem. Our corrective action plan includes Putnam County Ordinance No. 2011-6-20 (attached hereto) wherein the Putnam County Board of Commissioners approved and passed an Ordinance stating that buy-out monies can be placed in the Pre-Trial Diversion Account effective June 20, 2011. From that point forward, all buy-out monies have been deposited into the Pre-Trial Diversion Account. Any fees associated with Pre-Trial Diversion buy-outs dated prior to June 20, 2011, must be placed in the Asset Forfeiture Fund.

Anticipated Completion Date: The Putnam County Prosecutor's Office has started this corrective action as of August 4, 2014 and will continue to do so.

  
\_\_\_\_\_  
(Signature)

Putnam Cty. Prosecutor  
\_\_\_\_\_  
(Title)

8/17/14  
\_\_\_\_\_  
(Date)

PUTNAM COUTNY ORDINANCE NO. 2011-6-20

Comes now the Putnam County Board of Commissioners and passes the following ordinance concerning the Prosecutor's deferral program and pre-trial diversion program.

- A. Funds derived from a deferral program or a pre-trial diversion program may be disbursed for one (1) or more of the following purposes:
- (1) Personnel expenses related to the operation of the program.
  - (2) Special training for:
    - a. a prosecuting attorney;
    - b. a deputy prosecuting attorney;
    - c. prosecutor's office support staff personnel, or
    - d. a law enforcement officer.
  - (3) Employment of a deputy prosecutor or prosecutorial support staff.
  - (4) Victim's assistance.
  - (5) Electronic legal research.
  - (6) Office equipment, including computers, computer software, communication devices, office machinery, furnishings, and office supplies.
  - (7) Expenses of a criminal investigation and prosecution.
  - (8) An activity or program operated by the prosecuting attorney that is intended to reduce or prevent criminal activity, including:
    - a. Substances abuse;
    - b. Child abuse;
    - c. Domestic abuse;
    - d. Operating while intoxicated; and
    - e. Juvenile delinquency.
  - (9) Any other purpose that benefits the office of the prosecuting attorney or law enforcement that is agreed upon by the county fiscal body and the prosecuting attorney that includes but is not limited to mental health and animal control.
- B. That funds can also be placed in the pre-trial diversion fund that are derived from offenders who have opted to buy out of any community service component at the rate of ten dollars (\$10.00) per hour so long as the Judge having jurisdiction over said case agrees to such program.

\*

The foregoing was passed by the Putnam County Commissioners this <sup>20</sup>~~15~~ day of June, 2011.



Gene Beck  
Gene Beck, President  
Putnam County Commissioners

Kristina Warren  
Kristina Warren  
Putnam County Commissioners

Nancy Fogle  
Nancy Fogle  
Putnam County Commissioners

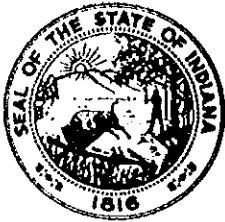
ATTEST:

Stephanie Summitt-Campbell  
Stephanie Summitt-Campbell

"I AFFIRM, UNDER THE PENALTIES FOR PERJURY,  
THAT I HAVE TAKEN REASONABLE CARE TO  
REDACT EACH SOCIAL SECURITY NUMBER IN  
THIS DOCUMENT, UNLESS REQUIRED BY LAW."

NAME: Stephanie Campbell

Prepared By Tim Bookwalter



**OFFICE OF THE PROSECUTING ATTORNEY**  
**64<sup>th</sup> INDIANA JUDICIAL CIRCUIT**  
**TIM BOOKWALTER, Prosecutor**  
Putnam County Courthouse  
One Courthouse Square, 4th Floor  
Greencastle, Indiana 46135  
Phone: 765-653-2724  
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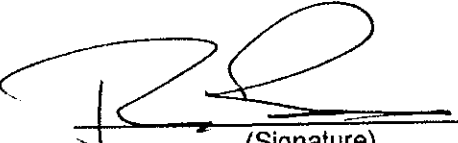
**CORRECTIVE ACTION PLAN**

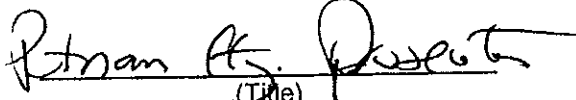
***FINDING 2013-006 – Special Tests and Provisions – Maintain a Log and Copies of All Forms DAG-71***

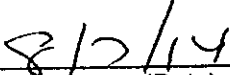
Contact Person Responsible for Corrective Action: Tim Bookwalter  
Contact Phone Number: 765-653-2724

Description of Corrective Action Plan: The Putnam County Prosecutor's Office has created a DAG-71 Log (see attached) in order to track DAG forms. This log will serve as a tracking device for, and a base for comparison, to the information provided by the Department of Justice website. The Office Manager will prepare and maintain the log and I, Tim Bookwalter, will review the log on a periodic basis to ensure it is being maintained. In addition to this log, the Putnam County Prosecutor's Office maintains copies of all DAG-71 forms that are submitted.

Anticipated Completion Date: The Putnam County Prosecutor's Office has started this corrective action as of August 4, 2014, and will continue to do so.

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)

### DAG-71 LOG

Date Submitted	Defendant's Name	Local Cause Number	Type of Item Seized	Asset Requested	Asset Number	Seizure Date	% Requested	Received	Date Received
7/12/2013	Prince Tate	67C01-1305-FD-134	US Currency	\$8,999.00	13-DEA-585196			\$809.10	11/26/2013
8/28/2013	James Wright	67D01-1307-FA-108	US Currency	\$249,827.00	13-FBI-005759	6/25/2013	17%		
8/28/2013	James Wright	67D01-1307-FA-108	assorted farm equipment		13-FBI-005764	6/25/2013	17%		
8/28/2013	James Wright	67D01-1307-FA-108	1984 Harley Davidson FXST		13-FBI-005763	6/25/2013	17%		
8/28/2013	James Wright	67D01-1307-FA-108	US Currency	\$6,830.00	13-FBI-005895	6/25/2013	17%		
8/28/2013	James Wright	67D01-1307-FA-108	ATV's and Minibike		13-FBI-005766	6/25/2013	17%		

COUNTY PROSECUTING ATTORNEY  
PUTNAM COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 26, 2014, with Tim Bookwalter, County Prosecuting Attorney; Max L. Watts, County Commissioner; and James W. Ensley, County Attorney.

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CIRCUIT COURT  
PUTNAM COUNTY

CIRCUIT COURT  
PUTNAM COUNTY  
FEDERAL FINDING

**FINDING 2013-003 - INTERNAL CONTROLS AND COMPLIANCE OVER CASH MANAGEMENT**

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

Management of the County has not established an effective internal control system related to the grant agreement and the compliance requirement of Cash Management that has a direct and material effect to the Child Support Enforcement program. The Putnam County Circuit Court computed the amount claimed for reimbursement for personal services based on a set percentage of one staff member's salary. The amount was not supported by documentation of the employee's time worked on Title IV-D cases. The amount claimed for supplies expense was the same each month and was an estimated amount. The Circuit Court handles more than Title IV-D Child Support cases, but they do not keep track of the percentage of time worked by employees on Title IV-D cases, nor do they keep track of the number of cases processed that are Title IV-D and not Title IV-D. This percentage of time or cases is needed to accurately prepare the claim for reimbursement to properly reflect the costs attributable to the Child Support Enforcement program.

The Cooperative Agreement For Federal Financial Participation For Title IV-D Courts Hearing Title IV-D Cases Section A (5) states in part: "Expenditures for direct costs to the County, incurred by the Court in the provision of Title IV-D services pursuant to IC 31-25-4-15, are reimbursable when such costs are claimed in accordance with procedures established and on forms prescribed by CSB that comply with federal and state law."

The Cooperative Agreement for Federal Financial Participation for Title IV-D Courts Hearing Title IV-D Cases Section C (4) states in part: "The Court shall maintain documentation of other expenditures to distinguish Title IV-D from non-Title IV-D activities."

Cash vs. Accrual Basis Clarification for Reporting of Monthly Expenditure Claims and Quarterly Incentive Expenditure Reports Communication March 1, 2012 states in part:

"According to 31 CFR 201.12 (5), Reimbursable funding means that a Federal Program Agency transfers funds to a State after the State has already paid out the funds for Federal assistance program purposes. These same guidelines apply to subrecipients of federal funding. Cash Basis - Expenses are reported on when they are actually paid. i.e. when the county remits the payment to the vendor (not the month that the invoice was received or submitted for payment)."

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 to the program could result in the loss of federal funds to the County.

We recommended that the County establish control procedures to review federal and state compliance requirements to ensure expenditures are compliant with the grant requirements that have a direct and material effect to the program.



# PUTNAM CIRCUIT COURT

64th Judicial Circuit • Courthouse, 3rd Floor • Greencastle, Indiana 46135 • 765-653-5315 • 765-653-4870 Fax

**Matthew L. Headley**  
Judge

Janet Jordan  
Reporter

Carla Plessinger  
Deputy Reporter

Linda Littrell  
Deputy Reporter

Sheila Penturf  
Deputy Reporter

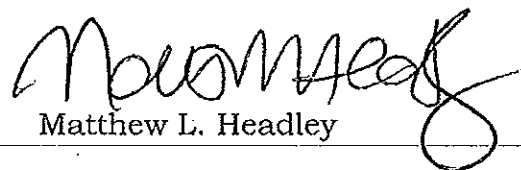
## Corrective Action Plan

### Finding 2013-003: INTERNAL CONTROLS AND COMPLIANCE OVER CASH MANAGEMENT

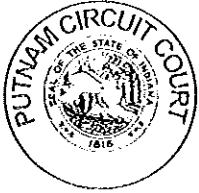
Our corrective action will be that we are going to calculate percentage of time for employees who work on the IV-D files for reimbursement purposes. We plan on doing this for our September (for work in August) submission and thereafter.

Right now, we plan on doing this ourselves internally but after discussion with the IV-D Office Director and the Clerk of the Court we are going to consider an outside vendor like Maximus or Malcom.

Sincerely,



Matthew L. Headley



# PUTNAM CIRCUIT COURT

64th Judicial Circuit • Courthouse, 3rd Floor • Greencastle, Indiana 46135 • 765-653-5315 • 765-653-4870 Fax

**Matthew L. Headley**  
Judge

Janet Jordan  
Reporter

Carla Plessinger  
Deputy Reporter

Linda Littrell  
Deputy Reporter

Sheila Penturf  
Deputy Reporter

September 2, 2014

State Board of Accounts  
302 West Washington Street  
Room E 418  
Indianapolis, Indiana 46204-2765

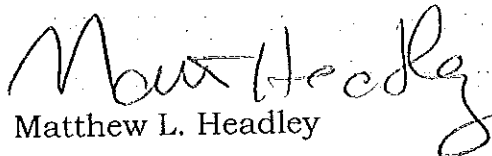
Re: OFFICIAL RESPONSE

Dear State Board of Accounts:

First, I would like to compliment field agents Nancy Blackburn and Jane Kuhn. They were professional and helpful in showing what/where my paperwork needed attention. You are lucky to have them in your employ.

However, I wish you could give them more discretion to do their jobs. Even after my oral explanation of how I came up with my calculations, they still are requiring I follow their requirements. We all agree (Nancy, Jane and I) that the stated changes were going to end up costing the taxpayer more money. It seems to me that the SBOA should be able to empower their employees (they are after all trusted enough to be hired and employed) to make judgment decisions when an explanation is offered which is valid. The IRS allows their field agents to do so. This is just a suggestion to increase efficiency and reduce costs of the SBOA.

Sincerely,

  
Matthew L. Headley

CIRCUIT COURT  
PUTNAM COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 26, 2014, with Matthew L. Headley, Circuit Court Judge; Max L. Watts, County Commissioner; and James W. Ensley, County Attorney.