

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

JOHNSON COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
12/12/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Janice D. Richhart	01-01-11 to 12-31-14
Treasurer	Diane L. Edwards	01-01-13 to 12-31-16
Clerk	Sue Anne Misiniec	01-01-11 to 12-31-14
Sheriff	Doug Cox	01-01-11 to 12-31-14
Recorder	Jill Jackson	01-01-11 to 12-31-14
President of the Board of County Commissioners	Thomas A. Kite Brian Baird	01-01-13 to 05-28-13 05-29-13 to 12-31-14
President of the County Council	James Eckart Beth Boyce	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
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TO: THE OFFICIALS OF JOHNSON COUNTY, INDIANA

This report is supplemental to our audit report of Johnson 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.

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

October 9, 2014

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COUNTY AUDITOR
JOHNSON COUNTY

COUNTY AUDITOR
JOHNSON COUNTY
FEDERAL FINDINGS

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

We noted a deficiency in the internal control system of the County related to financial transactions and reporting.

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 disbursements. There were a few claims that were not included on the claim docket. This resulted in some expenses being paid without being reviewed and approved by the Board of County Commissioners. The failure to establish these controls could enable misstatements or irregularities to remain undetected.

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)

No claim or voucher shall be allowed by the board of county commissioners unless such claim or voucher has been duly itemized. The board of county commissioners shall examine the merits of all claims or vouchers so presented and may, in its discretion, allow such claim or voucher, in whole or in part, as they may find to be valid. [IC 36-2-6-2] It is unlawful for any board of commissioners of any county or for any member thereof to make any allowance or to allow any claim or voucher against the county, or order the issuance of any county warrant for the payment of any sum of money, except at a regular or special session of the board. [IC 36-2-6-4] Each claim or voucher must show the date and amount allowed. If a claim or voucher is disallowed in whole or in part, this should be clearly shown on the claim or voucher and on the docket or register. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 7)

FINDING 2013-002 - INTERNAL CONTROL OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO COMMUNITY DEVELOPMENT BLOCK GRANTS/STATES PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/States
Program and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number and Year: DR1B-09-23
Pass-Through Entity: Indiana Office of Community and Rural Affairs

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: Davis-Bacon Act and Procurement and Suspension and Debarment. The failure to establish an effective internal control system

COUNTY AUDITOR
JOHNSON COUNTY
FEDERAL FINDINGS
(Continued)

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 hires an outside Grant Administrator and relies on them to handle the above requirements without any oversight by the County.

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 these controls could enable material misstatements and noncompliance to be 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 establish controls to effectively monitor the activities of paid consultants employed by the County to ensure compliance related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

***FINDING 2013-003 - CASH MANAGEMENT COMMUNITY DEVELOPMENT BLOCK
GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII***

Federal Agency: Department of Housing and Urban Development

Federal Program: Community Development Block Grants/States

Program and Non-Entitlement Grants in Hawaii

CFDA Number: 14.228

Federal Award Number and Year: DR1-HB-009-006

Pass-Through Entity: Indiana Housing and Community Development Authority

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 on the program. This includes compliance requirements over cash management. The failure to establish an effective internal control system places the County at risk of material noncompliance. 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.

COUNTY AUDITOR
JOHNSON COUNTY
FEDERAL FINDINGS
(Continued)

The County used the DR1-HB-009-006 grant as a 25 percent match for a 97.039 Hazard Mitigation Grant awarded to purchase flooded properties. Drawdowns were made and not paid out timely. At December 31, 2013, the grant had a balance of \$13,312 and no pending expenses to be paid.

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."

24 CFR 85.20(b)(7) states in part:

"*Cash management.* Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

The failure to establish these controls could enable material misstatements and noncompliance to be 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 establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

**FINDING 2013-004 - PERIOD OF AVAILABILITY COMMUNITY DEVELOPMENT BLOCK
GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII**

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/States
Program and Non-Entitlement Grants in Hawaii

CFDA Number: 14.228

Federal Award Number and Year: DR1-HB-009-006

Pass-Through Entity: Indiana Housing and Community Development Authority

COUNTY AUDITOR
JOHNSON COUNTY
FEDERAL FINDINGS
(Continued)

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: Period of Availability. 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.

We noted noncompliance with Period of Availability requirements. Expenses were being incurred and paid for DR1-HB-009-006 for services that occurred after the end of the grant period June 1, 2013.

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 Grant Award Agreements with Indiana Housing and Community Development Authority, Item 5, Term of Agreement states: "This agreement shall be effective as of the date hereof and shall remain in effect until the termination date set forth in the DHS Agreement, except as extended by written consent of the parties, unless sooner terminated as provided herein (the 'Term')." The Johnson County State-Local Agreement Hazard Mitigation Grant Program Agreement, Section 5.B indicates that the sub grantee shall obligate the funds by June 1, 3013. The Notification of Grant Award provided by the Indiana Department of Homeland Security indicates the grant funds must be obligated by the end of the grant period, or a request for an extension must be filed.

The failure to establish these controls could enable material misstatements and noncompliance to be 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 establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

The County should develop procedures to insure grant funds are only disbursed for obligations within the appropriate period of availability. All purchasing individuals should be made aware of each grant's period of availability and definition of obligation. If an extension of the grant is needed it should be requested prior to the end of the grant period.

FINDING 2013-005 - REPORTING COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/States
Program and Non-Entitlement Grants in Hawaii

CFDA Number: 14.228

Federal Award Number and Year: DR1-HB-009-006 and DR1B-09-23

Pass-Through Entity: Indiana Housing and Community Development Authority;
and Indiana Office of Community and Rural Affairs

COUNTY AUDITOR
JOHNSON COUNTY
FEDERAL FINDINGS
(Continued)

The County has not established an effective internal control system over compliance with Reporting. The failure to establish an effective internal control system places the County at risk of material noncompliance.

The County was required to submit quarterly reports to the Indiana Housing and Community Development Authority; however, the County did not file reports for any of the four quarters for 2013.

The County was required to submit quarterly reports to the Office of Community and Rural Affairs; however, reports for the first, second, and third quarters were not timely filed.

Page 2 section (f) of the grant agreement DR1HB-009-006 between the County and the Indiana Housing and Community Development Authority states: "It shall timely prepare all fiscal and management records required by the DHS Agreement and/or the Authority that are necessary or appropriate to effectively administer and/or monitor the Project."

The grant agreement between the Indiana Department of Homeland Security and Johnson County, page 5, part E, states:

"Sub-grantee shall submit to the State quarterly progress reports (QPR), due the 15th day of the month following the end of the quarter on the following Schedule:

January – March due April 15
April –June due July 15
July – September due October 15
October –December due January 15"

Page 2, section (d) of the grant agreement DR1A-09-23 between the County and the Office of Community and Rural Affairs states: "The Grantee shall continue to provide semi-annual or other reports, as may be required by the State, until the Project and all its objectives are complete."

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 County was not in compliance with reporting requirements for this program. Failure to comply with these requirements could cause the County to be ineligible to receive future federal awards.

We recommended that the County establish controls for preparing and filing the required reports and prepare all required reports on a timely basis.

COUNTY AUDITOR
JOHNSON COUNTY
FEDERAL FINDINGS
(Continued)

FINDING 2013-006 - CASH MANAGEMENT HAZARD MITIGATION GRANT

Federal Agency: Department of Homeland Security
Federal Program: Hazard Mitigation Grant
CFDA Number: 97.039
Federal Award Number and Year: C44P-1-048A
Pass-Through Entity: Indiana Department of Homeland Security

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 on the program. This includes compliance requirements over Cash Management. The failure to establish an effective internal control system places the County at risk of material noncompliance. 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.

Drawdowns were made and not paid out timely. Additionally, there were drawdowns from prior years that were not paid out or adjusted against current expenses. The grant fund balance was \$103,661 at December 31, 2013, and there were no pending expenses to be paid.

24 CFR 85.20(b)(7) states in part:

"Cash management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

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."

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 failure to establish these controls could enable material misstatements and noncompliance to be 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.

COUNTY AUDITOR
JOHNSON COUNTY
FEDERAL FINDINGS
(Continued)

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

FINDING 2013-007 - PERIOD OF AVAILABILITY HAZARD MITIGATION GRANT

Federal Agency: Department of Homeland Security
Federal Program: Hazard Mitigation Grant
CFDA Number: 97.039
Federal Award Number and Year: C44P-1-048A
Pass-Through Entity: Indiana Department of Homeland Security

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: Period of Availability. 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.

We noted noncompliance with Period of Availability requirements. Expenses are being incurred and paid for C44P-1-048A for services that occurred after the end of the grant period June 1, 2013.

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 Johnson County State-Local Agreement Hazard Mitigation Grant Program Agreement, Section 5(b) states:

"The Sub-grantee shall obligate (which includes, but is not limited to ordering, accepting delivery, installing equipment and full completion of performance of any service agreements or contracts) the funds by June 1, 2013, (the 'Obligation Deadline'). The Sub-grantee shall liquidate (expend) the funds within thirty (30) days of the Obligation Deadline and shall submit all requests for reimbursement, including all required documentation for the reimbursement by the Obligation Deadline. The Sub-grantee may request, in writing, and the State may, at its sole discretion, provide written approval allowing the Sub-grantee additional time to obligate or liquidate the funds."

The failure to establish these controls could enable material misstatements and noncompliance to be 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 establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

COUNTY AUDITOR
JOHNSON COUNTY
FEDERAL FINDINGS
(Continued)

The County should develop procedures to ensure grant funds are only disbursed for obligations within the appropriate period of availability. All purchasing individuals should be made aware of each grant's period of availability and definition of obligation. If an extension of the grant is needed it should be requested prior to the end of the grant period.

FINDING 2013-008 - REPORTING HAZARD MITIGATION GRANT

Federal Agency: Department of Homeland Security
Federal Program: Hazard Mitigation Grant
CFDA Number: 97.039
Federal Award Number and Year: C44P-1-048A
Pass-Through Entity: Indiana Department of Homeland Security

The County has not established an effective internal control system over compliance with Reporting. The failure to establish an effective internal control system places the County at risk of material noncompliance.

As part of the grant agreement between the County and the Indiana Department of Homeland Security, the County was required to submit quarterly reports to Indiana Department of Homeland Security; however, the County did not file reports for the third and fourth quarters of 2013 timely. The reports were due September 15, 2013, and January 15, 2014, and were both filed on May 8, 2014.

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 grant agreement between the Indiana Department of Homeland Security and Johnson County, page 5, part E, states:

"Sub-grantee shall submit to the State quarterly progress reports (QPR), due the 15th day of the month following the end of the quarter on the following Schedule:

January – March due April 15
April –June due July 15
July – September due October 15
October –December due January 15"

The County was not in compliance with reporting requirements for this program. Failure to comply with these requirements could cause the County to be ineligible to receive future federal awards.

We recommended that the County establish controls for preparing and filing the required reports and prepare all required reports on a timely basis.

COUNTY AUDITOR
JOHNSON COUNTY
FEDERAL FINDINGS
(Continued)

**FINDING 2013-009 - ALLOWABLE COSTS/COST PRINCIPLES
RELATING TO CHILD SUPPORT ENFORCEMENT**

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

The County has not established an effective internal control system over compliance requirements relating to Allowable Costs/Cost Principles. The failure to establish an effective internal control system places the County at risk of noncompliance with grant agreement and the compliance requirements.

The County was required to maintain time and effort reports on all full-time and part-time employees paid from the grant. The Prosecutor's Office had a change in office administration and could not locate any time and effort reports for 2013 to fulfill this requirement.

OMB Circular A-87 Attachment B, section 8(h) states in part:

- "(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semiannually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.
- (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency."

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 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 establish controls related to the grant agreement and the compliance requirements noted above that have a direct and material effect to the program.



JOHNSON COUNTY AUDITOR

JAN RICHHART

COURTHOUSE ANNEX
86 WEST COURT STREET
FRANKLIN, INDIANA 46131
TEL (317) 736-3745
FAX (317) 736-7565

FINDING 2013-001

Contact Person Responsible for CORRECTIVE ACTION PLAN: Janice D. Richhart

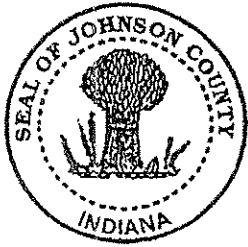
Contact Phone Number: 317-346-4312

Description of Corrective Action Plan: Internal Controls over Financial Transactions and Reporting

We are working with our vendor, Low Financial, for a solution to print a report with check numbers for accountability of the checks disbursed so it can be reviewed and approved by the Board of County Commissioners.

Anticipated completion Date: First part of 2015.

Janice D. Richhart
(Signature)
Johnson County Auditor
(Title)
October 2, 2014
(Date)



JOHNSON COUNTY AUDITOR

JAN RICHHART

Courthouse Annex
86 W. Court Street
Franklin, IN 46131
Tel: (317) 346-4310
Fax: (317) 736-7021

CORRECTIVE ACTION PLAN

October 2, 2014

FINDING 2013-002

Janice D Richhart
317-346-4312

The Johnson County Auditor will establish and maintain an internal control system, which will include segregation of duties. The Auditor's office will acquire all outside reports and paperwork from the grant administrator that is contracted. We will also review outside provisions and activities of the contracted grant administrator. All information will be maintained and reviewed in the Auditor's office to assure that the Auditor's office is in compliance with the law.

Anticipated Completion Date: 05/01/2015

Janice D. Richhart
Auditor

October 2, 2014



JOHNSON COUNTY AUDITOR

JAN RICHHART

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CORRECTIVE ACTION PLAN

October 2, 2014

FINDING 2013-003

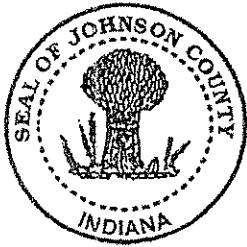
Janice D Richhart
317-346-4312

The Johnson County Auditor will establish and maintain an internal control system, which will include segregation of duties as well as staying compliant over cash management. The Auditor's office will maintain internal control over all Federal programs. Claim vouchers and quarterly reports will be done in a timely manner to stay in compliance with the law. The Auditor will establish on site audits within the department that was the recipient.

Anticipated Completion Date: 05/01/2015

Janice D. Richhart
Auditor

October 2, 2014



JOHNSON COUNTY AUDITOR

JAN RICHART

Courthouse Annex
86 W. Court Street
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CORRECTIVE ACTION PLAN

October 2, 2014

FINDING 2013-004

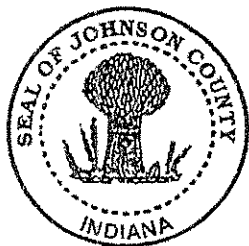
Janice D Richhart
317-346-4312

The Johnson County Auditor will establish and maintain an internal control system, which will include segregation of duties. Expenses will be reviewed to assure that funds are disbursed within the period of availability. All purchasers will be made aware of the grant period. The Auditor will also assure that extensions will need to be requested prior to the end of the grant.

Anticipated Completion Date: 05/01/2015

Janice D. Rucklath
Auditor

October 2, 2014



JOHNSON COUNTY AUDITOR

JAN RICHHART

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CORRECTIVE ACTION PLAN

October 2, 2014

FINDING 2013-005

Janice D Richhart
317-346-4312

The Johnson County Auditor will establish and maintain an internal control system, which will include segregation of duties. The Auditor's office will inform the department of the quarterly reports due each quarter. An on-site audit will be conducted by a deputy auditor to insure the quarterly reports are correct and timely. Once we have received a final report we will conduct our last audit within 1 month from the day of the signed final. Any funds that are not spent will be sent back to the proper entity.

Anticipated Completion Date: 05/01/2015

Janice D. Richhart
Auditor

October 2, 2014



JOHNSON COUNTY AUDITOR

JAN RICHHART

Courthouse Annex
86 W. Court Street
Franklin, IN 46131
Tel: (317) 346-4310
Fax: (317) 736-7021

CORRECTIVE ACTION PLAN

October 2, 2014

FINDING 2013-006

Janice D Richhart
317-346-4312

The Johnson County Auditor will establish and maintain an internal control system, which will include segregation of duties. Expenses will be reviewed to assure that funds are disbursed within the period of availability. The Auditor will be doing on site audits to assure that drawdowns will be paid out timely. All records will be reviewed to assure the grant is in compliance with the law.

Anticipated Completion Date: 05/01/2015

Janice D. Richhart
Auditor

October 2, 2014



JOHNSON COUNTY AUDITOR

JAN RICHHART

Courthouse Annex
86 W. Court Street
Franklin, IN 46131
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CORRECTIVE ACTION PLAN

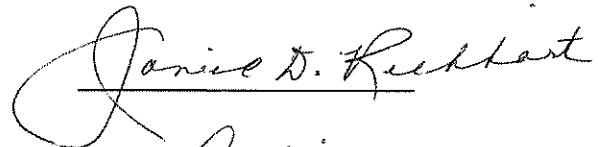
October 2, 2014

FINDING 2013-007

Janice D Richhart
317-346-4312

The Johnson County Auditor will establish and maintain an internal control system, which will include segregation of duties. An on-site audit will be conducted by a deputy auditor to insure the services are being incurred and paid in a timely manner. There will be separation of functions over certain activities related to this grant.

Anticipated Completion Date: 05/01/2015


Auditor

October 2, 2014



JOHNSON COUNTY AUDITOR

JAN RICHHART

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86 W. Court Street
Franklin, IN 46131
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CORRECTIVE ACTION PLAN

October 2, 2014

FINDING 2013-008

Janice D Richhart
317-346-4312

The Johnson County Auditor will establish and maintain an internal control system, which will include segregation of duties. The Auditor's office will inform the department of the quarterly reports due each quarter. On site audits will take place. The Auditor will establish control for preparing and filing the required reports to assure they will be filed in a timely manner.

Anticipated Completion Date: 05/01/2015

Janice D. Richhart
Auditor

October 2, 2014

COUNTY AUDITOR
JOHNSON COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROL OVER DISBURSEMENTS

Internal control over the disbursing, recording, and accounting for the financial activities were insufficient. Test of controls over disbursements was performed by selecting forty claims for approval by the County Auditor and Board of County Commissioners. Two claims were not listed on the docket sheet.

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. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY AUDITOR
JOHNSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 9, 2014, with Janice D. Richhart, Auditor; Brian Baird, President of the Board of County Commissioners; Loren A. Snyder, County Council member; Kathleen Hash, County Attorney; Amy Thompson, First Deputy Auditor; Pamela J. Burton, Deputy Auditor; Angel Wiser, Deputy Auditor; Barbara Davis, County Coordinator; Diane L. Edwards, Treasurer; and Marsh J. Curry, First Deputy Treasurer.

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COUNTY TREASURER
JOHNSON COUNTY

COUNTY TREASURER
JOHNSON COUNTY
AUDIT RESULT AND COMMENT

EXCISE TAX REVIEW - COMPLIANCE

The following deficiencies were observed:

1. The County Treasurer's Daily Record of Cash and Depositories postings are based on the BMV bank account and not the FTP site.
2. The excise line on the County Treasurer's Daily Record of Cash and Depositories includes excise surtax and wheel tax.
3. The County Auditor's and County Treasurer's excise tax reconciliation worksheet filed with the Auditor of State's Office for December 2013 contained errors. It reported a balance on hand of \$940,377. Based on the review made of excise tax balance, it was determined \$282,298 was November excise, \$4,211 was November Wheel Tax, and \$82,516 was November Surtax. This left a remaining balance of \$571,352 that was unidentified. The County had not balanced the Excise Tax fund at December 31, 2013.

Indiana Code 5-13-5-1 states: "(a) Every public officer who receives or distributes public funds shall: (1) keep a cashbook into which the public officer shall enter daily, by item, all receipts of public funds; and (2) balance the cashbook daily to show funds on hand at the close of each day."

At the time of each semiannual tax settlement the county treasurer shall report such tax collections, together with the auto rental excise tax and aircraft license excise tax collections discussed in this section, on County Form No. 49TC, County Treasurer's Certificate of Tax Collections, and the total shown by the auditor's records shall be verified with the treasurer's certificate before distribution is made. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 9)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

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. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY TREASURER
JOHNSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 9, 2014, with Diane L. Edwards, Treasurer; Marsha J. Curry, First Deputy Treasurer; Brian Baird, President of the Board of County Commissioners; Loren A. Snyder, County Council member; Kathleen Hash, County Attorney; Janice D. Richhart, Auditor; Amy Thompson, First Deputy Auditor; Pamela J. Burton, Deputy Auditor; Angel Wiser, Deputy Auditor; and Barbara Davis, County Coordinator.