

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WHITLEY COUNTY, INDIANA

January 1, 2013 to December 31, 2013



**FILED**  
01/23/2015



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Jennifer R. McGuire (Vacant) Vicky L. Schrader (Interim) Jana L. Schinbeckler	01-01-11 to 08-19-14 08-20-14 to 08-21-14 08-22-14 to 09-03-14 09-04-14 to 12-31-14
Treasurer	Laurell E. Hodges	01-01-13 to 12-31-16
Clerk	Deborah S. Beers	01-01-11 to 12-31-14
Sheriff	Mark E. Hodges	01-01-11 to 12-31-14
Recorder	April Whetstone	01-01-11 to 12-31-14
President of the County Council	Thomas Western	01-01-13 to 12-31-14
President of the Board of County Commissioners	George Schrumpf	01-01-13 to 12-31-14



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
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Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF WHITLEY COUNTY, INDIANA

This report is supplemental to our audit report of Whitley 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

November 5, 2014

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COUNTY AUDITOR  
WHITLEY COUNTY

COUNTY AUDITOR  
WHITLEY COUNTY  
FEDERAL FINDING

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

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

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the County to reduce risks to the achievement of financial reporting objectives. The County has not separated incompatible activities related to disbursements. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. We found numerous claims paid without supporting documentation that would verify the claims were for County related business.
2. Monitoring of Controls: Effective internal control over financial reporting of disbursements requires the Board of County Commissioners or their designee to monitor and assess the quality of the County's system of internal control. The Board of County Commissioners or their designee have not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the County at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Indiana Code 5-11-10-1.6(c) states in part:

"The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."



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**Whitley County Auditor**

*Jana L. Schinbeckler*

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220 W. Van Buren St, Suite 207 | Columbia City, Indiana 46725 | Phone: 260.248.3176

wcauditor@whitleygov.com

September 23, 2014

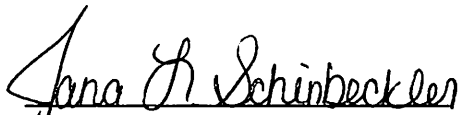
***FINDING 2013-001***

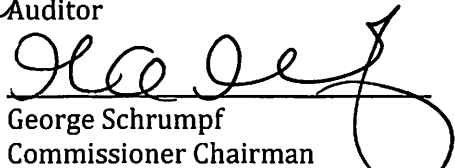
Corrective Action Plan

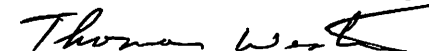
Responsible Party: Jana L. Schinbeckler, Auditor

Anticipated Completion Date: (1) September 23, 2014 (2) Month End September 2014

1. **Lack of Segregation of Duties:** In review of segregation of duties for disbursements made from the office we will now be ensuring that each claim will be filled out by the coordinating department and then turned into the Auditor's office. The department heads will sign the claims that are turned into the office. We will also mandate that there will be documentation to go with the claim each time. If there is not, we will ask for supporting documentation and obtain it from the department. We will confirm that each claim is County related business as well.
2. **Monitoring of Controls:** In review of the internal controls over financial reporting of disbursements, the Board of Commissioners will now be signing each individual claim to verify that they have reviewed the claims against the County. They will ensure that each claim is County business related and confirm that there is documentation with each claim. The County Auditor will the review and sign the claim as well.

  
Jana L. Schinbeckler  
Auditor

  
George Schrupf  
Commissioner Chairman

  
Thomas Western  
Council Chairman

COUNTY AUDITOR  
WHITLEY COUNTY  
AUDIT RESULTS AND COMMENTS

**OVERDRAWN CASH BALANCES**

The financial statement presented in this report includes the following funds with overdrawn cash balances at December 31, 2013:

Fund	Amount Overdrawn
Adult Offender Interstate	\$ 284
Tax Distribution Clearing	4,993

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)

**APPROPRIATIONS**

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	Year	Excess Amount Expended
County Economic Development Income	2013	\$ 318,526
Redevelopment Commission	2013	663,669
Community Corrections Grant	2013	43,565
Project Income	2013	167,338
Supplemental Adult Probation Services	2013	56,737
Supplemental Juvenile Probation Services	2013	7,486
County User Fee Infraction	2013	40,142
Emergency Planning and Right to Know	2013	3,250
Supplemental Public Defender Services	2013	32,203
Local Health Maintenance Fund	2013	6,264

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

Indiana Code 11-12-2-6 states in part: "To remain eligible for financial aid under this chapter, a county must comply with its community corrections plan . . ."

The following is a list of funds which require county council approval of an appropriation. Due to the nature of the funds, the Department of Local Government Finance does not require submission of an additional request before the local appropriation can be approved.

COUNTY AUDITOR  
WHITLEY COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

1. County Supplemental Adult Probation Services Fund. (IC 35-38-2-1)
2. County Supplemental Juvenile Probation Services Fund. (IC 31-40-2-2)
3. County User Fee Fund. (IC 33-37-8-6)
4. Plat Book Fund. (IC 36-2-9-18)
5. Local Emergency Right to Know Fund. (IC 36-2-9-18)
6. Pretrial Diversion Fund (Excess). (IC 33-37-8-7)
7. Community Corrections Home Detention Fund. (IC 33-37-8-7; IC 35-38-2.5-8)
8. County Extradition Fund. (IC 35-33-14)
9. County Correction Fund. (IC 11-12-6-6)
10. Supplemental Public Defender Services Fund. (IC 33-40-3-2)
11. Emergency Telephone System Fund. (IC 36-8-16-14)
12. Cumulative Bridge Fund. (IC 8-16-3-3)
13. Local Health Maintenance Fund. (IC 8-16-3-3)
14. Vehicle Inspection Fund. (IC 9-29-4-2)

(The County Bulletin and Uniform Compliance Guidelines, April 2010, pages 6 and 7)

***ORDINANCES AND RESOLUTIONS***

The County has a policy concerning credit card use. The policy states that all credit card applications are to be approved by the Board of County Commissioners. We noted that the County Auditor has a credit card in the name of Whitley County Government with FIA Card Services. This credit card is used by the County Auditor for personal charges and was not authorized by the Board of County Commissioners. A supplemental audit of improper use of credit cards was completed by the Indiana State Board of Accounts and a separate Special Investigation Report was issued.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COUNTY AUDITOR  
WHITLEY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 24, 2014, with Jennifer R. McGuire, former Auditor; George Schrumpf, President of the Board of County Commissioners; and Thomas Western, President of the County Council.

The contents of this report were discussed on September 23, 2014, with Jana L. Schinbeckler, Auditor; George Schrumpf, President of the Board of County Commissioners; and Thomas Western, President of the County Council.

The contents of this report were discussed on November 5, 2014, with Jana L. Schinbeckler, Auditor; George Schrumpf, President of the Board of County Commissioners; and Thomas Western, President of the County Council.

BOARD OF COUNTY COMMISSIONERS  
WHITLEY COUNTY

BOARD OF COUNTY COMMISSIONERS  
WHITLEY COUNTY  
FEDERAL FINDING

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**Whitley County Auditor**

*Jana L. Schinbeckler*

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September 23, 2014

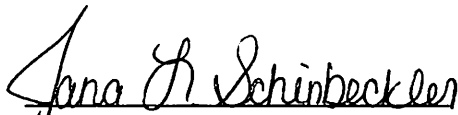
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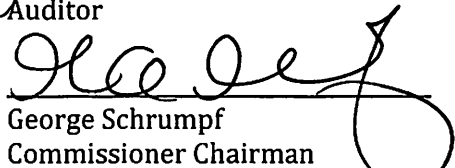
Corrective Action Plan

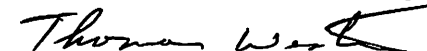
Responsible Party: Jana L. Schinbeckler, Auditor

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Jana L. Schinbeckler  
Auditor

  
George Schrupf  
Commissioner Chairman

  
Thomas Western  
Council Chairman

BOARD OF COUNTY COMMISSIONERS  
WHITLEY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 23, 2014, with George Schrupf, President of the Board of County Commissioners; Thomas Western, President of the County Council; and Jana L. Schinbeckler, Auditor.



COUNTY CLERK  
WHITLEY COUNTY

COUNTY CLERK  
WHITLEY COUNTY  
AUDIT RESULT AND COMMENT

**OFFICIAL BOND**

The Clerk's Surety Bond coverage was insufficient per the Indiana Code. The bond coverage is \$105,000 but should be \$150,000.

Indiana Code 5-4-1-18 states in part:

"(a) Except as provided in subsection (b), the following city, town, county, or township officers and employees shall file an individual surety bond:

- (1) City judges, controllers, clerks, and clerk-treasurers.
- (2) Town judges and clerk-treasurers.
- (3) Auditors, treasurers, recorders, surveyors, sheriffs, coroners, assessors, and clerks.
- (4) Township trustees.
- (5) Those employees directed to file an individual bond by the fiscal body of a city, town, or county.
- (6) Township assessors (if any).

(b) The fiscal body of a city, town, county, or township may by ordinance authorize the purchase of a blanket bond or a crime insurance policy endorsed to include faithful performance to cover the faithful performance of all employees, commission members, and persons acting on behalf of the local government unit, including those officers described in subsection (a).

(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of city controllers, city clerk-treasurers, town clerk-treasurers, Barrett Law fund custodians, county treasurers, county sheriffs, circuit court clerks, township trustees, and conservancy district financial clerks as follows:

- (1) The amount of annual coverage must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount for the officer or employee.

County auditors shall file bonds in amounts of not less than thirty thousand dollars (\$30,000), as fixed by the fiscal body of the county. The amount of the bond of any other person required to file an individual bond shall be fixed by the fiscal body of the unit at not less than fifteen thousand dollars (\$15,000)."

COUNTY CLERK  
WHITLEY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 24, 2014, with Deborah S. Beers, Clerk; George Schrupf, President of the Board of County Commissioners; and Thomas Western, President of the County Council.