

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

VIGO COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED

11/20/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Timothy M. Seprodi	01-01-13 to 12-31-16
County Treasurer	James W. Bramble	01-01-13 to 12-31-16
Clerk of the Circuit Court	David R. Crockett	01-01-13 to 12-31-16
County Sheriff	Gregory T. Ewing	01-01-11 to 12-31-18
County Recorder	Nancy Allsup	01-01-13 to 12-31-16
President of the Board of County Commissioners	Judith A. Anderson	01-01-14 to 12-31-15
President of the County Council	Kathy Miller Rick Burger	01-01-14 to 12-31-14 01-01-15 to 12-31-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF VIGO COUNTY, INDIANA

This report is supplemental to our audit report of Vigo County (County), for the period from January 1, 2014 to December 31, 2014. 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 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

September 14, 2015

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COUNTY AUDITOR
VIGO COUNTY

COUNTY AUDITOR
VIGO COUNTY
FEDERAL FINDING

FINDING 2014-002 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The County did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The County should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal controls in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following errors:

1. Disaster Grants - Public Assistance (Presidentially Declared Disasters) was omitted from the schedule. The total of the understatement was \$541,107.
2. GAL/CASA funding was included in the SEFA with an identification number which had been archived. This is actually state funding. This resulted in an overstatement of \$71,037.
3. Several program names were not reported correctly, one pass-through entity was incorrectly reported, and projects were not reported separately for Highway Planning and Construction.
4. Child Support Enforcement incentive disbursements were overstated by \$3,149.

Net audit adjustments of \$466,920 were proposed, accepted by the County, and made 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)

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
VIGO COUNTY
FEDERAL FINDING
(Continued)

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

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."



Vigo County Auditor
VIGO COUNTY ANNEX
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TERRE HAUTE, INDIANA 47807
(812) 462-3361 FAX: (812) 231-0091

Timothy M. Seprodi, Auditor
Tim.Seprodi@vigocounty.in.gov

Cheryl Loudermilk, Chief Deputy Auditor
Cheryl.Loudermilk@vigocounty.in.gov

August 14, 2015

Indiana State Board of Accounts
302 West Washington Street
Room E418
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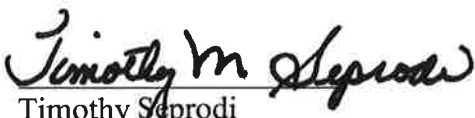
RE: 2014.002 Audit Finding

To Whom It May Concern,

In response to Finding 2014-002, Schedule of Expenditures of Federal Awards in Section II, Financial Statement Findings, my staff and I have reviewed the document and we are prepared to take the following corrective actions to meet the requirements for the OMB Circular A-133, Subpart C, section .310 (b).

1. List grants that may be for multiple years individually by Federal Agency and provide receipts or disbursements for each Federal program by year identified with a CFDA number.
2. Sub recipient Federal awards will be corrected by properly documenting the pass-through entity and identifying number.
3. The staff will make every intention to accurately report Child Support Enforcement incentive disbursements to avoid over or under stating.

The above corrective actions should be sufficient to resolve the current finding. If there continues to be an issue we will review the plan and adjust accordingly.


Timothy Seprodi
Vigo County Auditor

COUNTY AUDITOR
VIGO COUNTY
AUDIT RESULT AND COMMENT

OVERDRAWN CASH BALANCE

The financial statement presented in the Financial Statement and Single Audit Report included the following fund with an overdrawn cash balance as of December 31, 2014:

<u>Fund Name</u>	<u>Amount Overdrawn</u>
CC Project Income	<u>\$ 35,247</u>

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)

COUNTY AUDITOR
VIGO COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 14, 2015, with Timothy M. Seprodi, County Auditor; Ivan M. Morris, County Council member; and Judith A. Anderson, President of the Board of County Commissioners.

COUNTY TREASURER
VIGO COUNTY

COUNTY TREASURER
VIGO COUNTY
FEDERAL FINDING

FINDING 2014-001 - FINANCIAL REPORTING

The County Treasurer did not have internal controls in place to prevent material errors in reporting the transactions and balances of the Treasurer's Trust/After Settlement Collections fund in the 2014 County Annual Financial Report (AFR) on the State Gateway website. The County Treasurer provided the fund information to the County Auditor for inclusion in the AFR. The Annual Financial Report is used to compile the County's financial statement. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.

The County Treasurer did not post the Fall 2014 tax settlement to the department Cash Book until February 2015. The Fall settlement, totaling \$42,979,013, was disbursed to the taxing units in December. The receipts and ending cash balance of the Treasurer's Trust/After Settlement Collections fund reported on the financial statement were each overstated by the Fall settlement amount. Audit adjustments were recommended and accepted by the officials. The financial statement presented in this report reflects these adjustments.

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 Treasurers of Indiana, Chapter 10)

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)



Vigo County Treasurer

VIGO COUNTY ANNEX
191 OAK STREET
TERRE HAUTE, INDIANA 47807
(812) 462-3251 FAX: (812) 462-3279

James W. Bramble, CPA, Treasurer
james.bramble@vigocounty.in.gov

August 13, 2015

State Board of Accounts
302 W. Washington St. Rm. E418
Indianapolis, IN 46204

Re: **FINDING 2014-001**

In the December 2014 settlement errors were found prior to the end of 2014. It has been the County's practice in the past to post the correct settlement to the Treasurer's cash book after all corrections are made. Following this practice, the settlement was posted to the cash book in early February 2015 after corrections to the settlement were made.

In the future, settlement will be posted on the date settlement checks are issued. Any corrections will be posted as adjustments on the cash book as the corrections are made.

A handwritten signature in black ink, appearing to read "James W. Bramble", with a long horizontal flourish extending to the right.

James W. Bramble CPA
Vigo County Treasurer

COUNTY TREASURER
VIGO COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 14, 2015, with James W. Bramble, County Treasurer; Ivan M. Morris, County Council member; and Judith A. Anderson, President of the Board of County Commissioners.

BOARD OF COUNTY COMMISSIONERS
VIGO COUNTY

BOARD OF COUNTY COMMISSIONERS
VIGO COUNTY
AUDIT RESULT AND COMMENT

CREDIT CARDS

The County was using credit cards to purchase items without an approved credit card policy.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

1. The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
2. Issuance and use should be handled by an official or employee designated by the board.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
5. The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
8. If properly authorized, an annual fee may be paid.

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

BOARD OF COUNTY COMMISSIONERS
VIGO COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 14, 2015, with Ivan M. Morris, County Council member, and Judith A. Anderson, President of the Board of County Commissioners.