

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CASS COUNTY, INDIANA

January 1, 2014 to December 31, 2014



**FILED**  
09/29/2016



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Vaneen M. Ide	01-01-13 to 12-31-16
County Treasurer	Kathleen Adair	01-01-13 to 12-31-16
Clerk of the Circuit Court	Beth Liming	01-01-13 to 12-31-16
County Sheriff	Randy Prior	01-01-11 to 12-31-18
County Recorder	Patricia Williams Cindy Howard	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Prosecutor	Kevin Enyeart Lisa Swaim	01-01-11 to 12-31-14 01-01-15 to 12-31-18
President of the Board of County Commissioners	James L. Sailors	01-01-14 to 12-31-16
President of the County Council	George L. Stebbins	01-01-14 to 12-31-16



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF CASS COUNTY, INDIANA

This report is supplemental to our audit report of Cass 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/](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 29, 2016

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COUNTY AUDITOR  
CASS COUNTY

COUNTY AUDITOR  
CASS COUNTY  
FEDERAL FINDINGS

**FINDING 2014-001 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*Condition*

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). One person was solely responsible for preparing and submitting the SEFA without oversight, review, or approval. The SEFA presented for audit contained the following errors:

1. State Broadband Data and Development Grant Program expenditures were overstated \$3,000.
2. Crime Victim Assistance expenditures were understated \$19,843.
3. Violence Against Women Formula Grants expenditures were overstated \$5,217.
4. State Criminal Alien Assistance Program expenditures were overstated \$6,387.
5. Highway Planning and Construction expenditures were understated \$126,391.
6. State and Community Highway Safety expenditures were understated \$6,984.
7. Formula Grants for Rural Areas expenditures were understated \$122,693.
8. Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements expenditures were understated \$17,741.
9. Child Support Enforcement expenditures were understated \$184,136.
10. State grants totaling \$157,391 were included in error.

Audit adjustments were proposed, accepted by the County, and made to the SEFA.

*Criteria*

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  
CASS 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) 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.  
... "

*Cause*

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

*Effect*

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA could have remained undetected. The SEFA contained the errors identified in the *Condition*.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2014-002 - CASH MANAGEMENT**

Federal Agency: Department of Transportation  
Federal Program: Formula Grants for Rural Areas  
CFDA Number: 20.509  
Federal Award Number and Year (or Other Identifying Number): PO14811134  
Pass-Through Entity: Indiana Department of Transportation

*Condition*

An effective internal control system, which would have included segregation of duties, was not in place at the County in order to ensure compliance with requirements related to the grant agreement and Cash Management compliance requirement.

COUNTY AUDITOR  
CASS COUNTY  
FEDERAL FINDINGS  
(Continued)

The County had not designed or implemented adequate policies and procedures to ensure that the reimbursement checks received were issued to the subrecipient timely.

*Context*

There was a lack of controls for the entire audit period which affected all quarterly program funds received.

*Criteria*

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. . . ."

*Cause*

Management had not developed a system of internal controls that segregated key functions.

*Effect*

The failure to establish an effective internal control system placed the County at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the County's management establish controls, including segregation of duties, related to the grant agreement and the Cash Management compliance requirement.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

*Cass County Auditor  
Vaneen M. Ide  
Cass County Government Building  
200 Court Park Room 105  
Logansport, IN 46947  
574-753-7722  
van.ide@co.cass.in.us*

**CORRECTIVE ACTION PLAN**

***FINDING 2014-001***

Contact Person Responsible for Corrective Action: Vaneen M. Ide, Auditor  
Contact Phone Number: 574-753-7722

Views of Responsible Official:  
We concur with the finding.

Description of Corrective Action Plan:

The corrective plan of action will include a copy of each EFT notice with the grant CFDA number that will be placed in the grant file for accounting purposes by the bookkeeper. Prior to final submission, another employee will review and document their review of the SEFA.

Anticipated Completion Date:  
This will start immediately.

*Vaneen M Ide*  
*Auditor*  
*8-29-2014*

*Cass County Auditor  
Vaneen M. Ide  
Cass County Government Building  
200 Court Park Room 105  
Logansport, IN 46947  
574-753-7722  
van.ide@co.cass.in.us*

**CORRECTIVE ACTION PLAN**

***FINDING 2014-002***

Contact Person Responsible for Corrective Action: Vaneen M. Ide, Auditor  
Contact Phone Number: 574-753-7722

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The County bookkeeper will send an email to the director and to the bookkeeper of Cass Area Transit informing them that their monies have been received and a check will be processed and waiting for them to pick up. A copy of the email will be placed in the grant folder for audit purposes.

Anticipated Completion Date:

This will start immediately.

Vaneen M Ide

Auditor

8-29-2016

COUNTY AUDITOR  
CASS COUNTY  
AUDIT RESULTS AND COMMENTS

**CREDIT CARDS**

The County had a policy concerning credit cards that required the County Auditor to maintain an accounting system or log to track the use of County credit cards; this system or log was not maintained. Also, six out of ten claims reviewed had inadequate or no supporting documentation to verify the purchases on the credit card statement as listed below:

1. Detailed receipts were not attached to five credit card statements totaling \$1,112.
2. A hotel receipt for \$124 which stated the business purpose was not attached to the claim for one credit card statement.

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: . . .

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. . . .
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. . . .

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

**TRAVEL POLICY**

The County had a policy concerning travel; however, seven of ten claims reviewed were not in compliance with the policy. The incorrect mileage reimbursement rate was paid in all instances of noncompliance.

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)

**OVERDRAWN CASH BALANCES**

The financial statement presented in the Financial Statement and Federal Single Audit Report included the Bond #2 Expense and DUI Task Force Enforce Program funds with overdrawn cash balances at December 31, 2014, of \$67,000 and \$402, respectively. Funds with overdrawn cash balances due to the timing of grant reimbursements were not included.

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  
CASS COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2016, with James L. Sailors, President of the Board of County Commissioners; George L. Stebbins, President of the County Council; Vaneen M. Ide, County Auditor; and Michelle Crain, Deputy County Auditor.

COUNTY PROSECUTOR  
CASS COUNTY

COUNTY PROSECUTOR  
CASS COUNTY  
FEDERAL FINDING

***FINDING 2014-003 - CASH MANAGEMENT AND REPORTING***

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): FY 2014  
Pass-Through Entity: Indiana Department of Child Services

*Condition*

An effective internal control system, which would have included segregation of duties, was not in place at the County Prosecutor's office in order to ensure compliance with requirements related to the grant agreement and Cash Management and Reporting compliance requirements.

The County Prosecutor's office relied on the Office Manager and the Title IV-D Administrator to prepare the Monthly Expense Claims (reimbursement requests) and Quarterly Incentive Expenditure Reports. There were no controls in place to ensure that the expenses claimed for reimbursement were paid or that the reports were complete and accurate before submission.

*Context*

None of the County Prosecutor's office reimbursement requests or expenditure reports presented for audit contained evidence of a control to ensure compliance with Cash Management and Reporting requirements.

*Criteria*

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. . . ."



COUNTY PROSECUTOR  
CASS COUNTY  
FEDERAL FINDING  
(Continued)

*Cause*

Management had not developed a system of internal controls that segregated key functions.

*Effect*

The failure to establish an effective internal control system placed 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 have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the County Prosecutor's office establish controls, including segregation of duties, related to the grant agreement and the Cash Management and Reporting compliance requirements.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.



STATE OF INDIANA  
OFFICE OF THE PROSECUTING ATTORNEY, CASS COUNTY  
29TH JUDICIAL CIRCUIT

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LISA L. SWAIM  
PROSECUTOR

CORRECTIVE ACTION PLAN

**FINDING 2014-003**

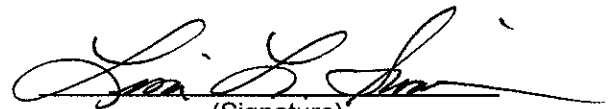
Contact Person Responsible for Corrective Action: Lisa Swaim  
Contact Phone Number: 574-753-7790


Views of Responsible Official: We have corrected the issue in regard to the finding.

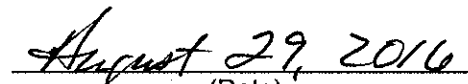
Description of Corrective Action Plan:

The Cass County Prosecutor/Title IV-d Office is set up on electronic submission of the monthly and quarterly claim reports. The claims are completed and submitted by the Manager(quarterly) and Administrator(monthly) and then sent to the Prosecutor, Chief Deputy Prosecutor or Office Manager to be reviewed and approved.

Anticipated Completion Date: We have already complied with the requirements and will continue in future to comply.

  
(Signature)

  
(Title)

  
(Date)

COUNTY PROSECUTOR  
CASS COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2016, with Lisa Swaim, County Prosecutor, and Debra Sheets, Office Manager. A separate exit conference was held on August 29, 2016, with James L. Sailors, President of the Board of County Commissioners; George L. Stebbins, President of the County Council; Vaneen M. Ide, County Auditor; and Michelle Crain, Deputy County Auditor.