

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CASS COUNTY, INDIANA

January 1, 2015 to December 31, 2015



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	01-01-15 to 12-31-18
County Recorder	Cindy Howard	01-01-15 to 12-31-18
President of the Board of County Commissioners	James L. Sailors	01-01-15 to 12-31-16
President of the County Council	George L. Stebbins	01-01-15 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, 2015 to December 31, 2015. 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

August 29, 2016

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COUNTY AUDITOR
CASS COUNTY

COUNTY AUDITOR
CASS COUNTY
FEDERAL FINDING

FINDING 2015-001 - 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 material errors:

1. Formula Grants for Rural Areas expenditures were overstated by \$408,011.
2. Bus and Bus Facilities Formula Program expenditures were understated by \$54,821.
3. Social Services Block Grant expenditures were overstated by \$103,859.

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

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 Counties of Indiana, Chapter 1)

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with section 200.510 Financial statements. . . ."

2 CFR section 200.510(b) states:

"Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with section 200.502 Basis for determining Federal awards expended. 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 must:

COUNTY AUDITOR
CASS COUNTY
FEDERAL FINDING
(Continued)

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within a cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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 must 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. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in section 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe the significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in section 200.414 Indirect (F&A) costs."

Cause

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

Effect

Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain 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.

*Cass County Auditor
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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 2015-001

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

8-29-2016

COUNTY AUDITOR
CASS COUNTY
AUDIT RESULTS AND COMMENTS

CREDIT CARDS

The County had a policy concerning credit cards that required the Auditor to maintain an accounting system or log to track the use of County credit cards; this was not being maintained. Also, five out of ten claims reviewed did not have adequate supporting documentation to verify the business purpose of the purchases.

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.
 1. 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 that stated, "The County is responsible for authorizing employee business travel and reimbursement of travel expenses . . . All such reimbursements are subject to approval and appropriate documentation being submitted." However, six of nine claims reviewed did not have adequate supporting documentation attached and were not in compliance with the policy.

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

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for 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 Auditor.

COUNTY HIGHWAY
CASS COUNTY

COUNTY HIGHWAY
CASS COUNTY
FEDERAL FINDING

FINDING 2015-002 - REPORTING

Federal Agency: Department of Transportation
Federal Program: Highway Planning and Construction
CFDA Number: 20.205
Federal Award Number and Year (or Other Identifying Number): FY 2015
Pass-Through Entity: Indiana Department of Transportation

Condition

An effective internal control system, which would include segregation of duties, was not in place at the County Highway Department to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

The County Highway Department relied on the County Highway Superintendent to prepare the LPA Invoice Vouchers (reports). There were no controls in place to ensure that the reports were complete and accurate before submission.

Context

None of the Phase 1 and Phase 3 reports presented for audit contained evidence of a control to ensure compliance with 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"

2 CFR section 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . . "

COUNTY HIGHWAY
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 non-compliance 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 compliance requirement 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 Reporting 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 Highway Department

*Cass County Highway Department
Jeff Smith
Cass County Government Building
200 Court Park
Logansport, IN 46947
574-753-3749*

CORRECTIVE ACTION PLAN

FINDING 2015-002

Contact Person Responsible for Corrective Action: Jeff Smith, County Highway Superintendent

Contact Phone Number: 574-753-7722

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The Highway Superintendent and the Auditor will discuss a plan to have someone else review and document their review of the LPA invoice vouchers going forward.

Anticipated Completion Date:

This will start immediately.

 8/29/16
Jeff Smith, Superintendent CCHD

COUNTY HIGHWAY
CASS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2016, with Jeff Smith, County Highway Superintendent. A separate exit conference was held and the contents of this report were also discussed on August 29, 2016, with James L. Sailors, President of the Board of County Commissioner; George L. Stebbins, President of the County Council; Vaneen M. Ide, County Auditor; and Michelle Crain, Deputy Auditor.