

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CLAY 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	Mary Jo Alumbaugh	01-01-11 to 12-31-14
	Jennifer M. Flater	01-01-15 to 12-31-18
County Treasurer	Debra James	01-01-11 to 12-31-14
	Samuel Glover	01-01-15 to 02-05-15
	Debra James (interim)	02-06-15 to 02-20-15
	Debra James	02-21-15 to 12-31-18
Clerk of the Circuit Court	Victoria J. Wheeler	01-01-13 to 12-31-16
County Sheriff	Michael Heaton	01-01-11 to 12-31-14
	Paul Harden	01-01-15 to 12-31-18
County Recorder	Joseph Dierdorf	01-01-13 to 12-31-16
President of the Board of County Council	Larry Moss	01-01-14 to 12-31-16
President of the County Commissioners	Paul R. Sindors	01-01-14 to 12-31-14
	Tony Fenwick	01-01-15 to 08-28-15
	(Vacant)	08-29-15 to 12-31-15
	Paul R. Sindors	01-01-16 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF CLAY COUNTY, INDIANA

This report is supplemental to our audit report of Clay 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 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 Finding, identified in the above referenced audit report, is included in this report.

Any Corrective Action Plan for the Federal Finding, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

September 12, 2016

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COUNTY AUDITOR
CLAY COUNTY

COUNTY AUDITOR
CLAY COUNTY
FEDERAL FINDING

Finding 2014-001 - PREPARATION OF THE 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). Material errors were noted on the County prepared SEFA for the Child Support Enforcement program, the errors included the following:

1. Federal incentive awards were received by the County in advance of spending; however, they were reported by the County as reimbursements for expenditures.
2. Expenditures made from the County General fund for the Clerk's IV-D activity were omitted from the SEFA.
3. The County included the State reimbursement received in the expenditures on the SEFA for the Prosecutor's Child Support program.

These errors resulted in the Child Support Enforcement program expenditures reported on the SEFA being understated by \$26,775. 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 Counties, Chapter 1).

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. . . ."

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.

COUNTY AUDITOR
CLAY COUNTY
FEDERAL FINDING
(Continued)

- (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."

Cause

The County had not established a system of internal control that would have ensured accurate and complete reporting of federal awards on the SEFA.

Effect

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

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.



JENNIFER M FLATER
AUDITOR OF CLAY COUNTY
609 EAST NATIONAL AVE
ROOM 105
BRAZIL IN 47834
812-448-9097

CORRECTIVE ACTION PLAN

September 12, 2016

FINDING 2014-001

Contact Person Responsible for Corrective Action: Jennifer M Flater
Contact Phone Number: 812-448-9097

Section II – Financial Statement Finding

Finding 2014-001 – PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

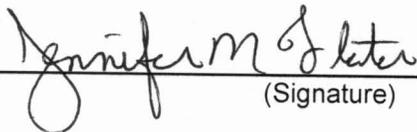
Views of Responsible Official:
We concur with the finding.

Description of Corrective Action Plan:

We will decipher if federal incentive awards are advance of spending or reimbursement for expenditures before posting to our financial system.

We will set up a spreadsheet and list all grants in two columns one being Federal and one being State to ensure the proper grants received by Clay County are reported on the SEFA.

Anticipated Completion Date: September 12, 2106



(Signature)

Auditor

9-12-16

COUNTY AUDITOR
CLAY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 12, 2016, with Jennifer M. Flater, Auditor; Patricia A. Foxx, First Deputy Auditor; and Paul R. Sinderson, President of the Board of County Commissioners.