

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

PARKE COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
10/25/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Pam Adams	01-01-11 to 12-31-18
County Treasurer	Mary A. Gregg	01-01-13 to 12-31-16
Clerk of the Circuit Court	Diana Hazlett	01-01-11 to 12-31-18
County Sheriff	D. Michael Eslinger Justin Cole	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Recorder	Mary Jo Harkrider	01-01-13 to 12-31-16
President of the Board of County Commissioners	Jim Meece	01-01-14 to 12-31-16
President of the County Council	James A. Rahn John K. Pratt	01-01-14 to 12-31-14 01-01-15 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF PARKE COUNTY, INDIANA

This report is supplemental to our audit report of Parke 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 Finding 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 31, 2016

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COUNTY TREASURER
PARKE COUNTY

COUNTY TREASURER
PARKE COUNTY
AUDIT RESULT AND COMMENT

CONDITION OF RECORDS - EXCISE TAX

The Aircraft License Excise distribution on April 21, 2014, that totaled \$305 was not posted until May 23, 2014. When the distribution was posted to the County Treasurer's Cash Book the amount posted was \$287 to make the ending balance for Aircraft License Excise \$305.

Four additional distributions were also not posted timely. They are as follows:

<u>EFT Date</u>	<u>Description</u>	<u>Amount</u>	<u>Posted to Cash Book</u>	<u>Days Difference</u>
03-28-14	Excise Tax	\$ 44,764	05-23-14	56
03-28-14	Boat Excise Tax	3,751	05-23-14	56
04-07-14	Wheel Tax	240	05-21-14	44
05-13-14	Excise Tax	39,039	05-23-14	10

We recommended that the Deposit Reports be accessed and copied or printed daily by the County Treasurer's office. We also recommended that the County Treasurer's Cash Book be posted daily, however, at a minimum, once a month the amount of the excise collected must be posted to the Treasurer's Cash Book. A receipt should be issued that shows the date of the deposit (report date), the amount deposited and should also list the transaction date and the report number. If the posting is done weekly or monthly, the receipt should list the range of transaction dates and the range of report numbers included on the receipt. The excise tax should be posted to the Other Sources, Excise Tax Collections. The amount received for surtax and wheel tax should be on a quietus issued by the Auditor's office and be part of the Funds Ledger on the Cash Book. The total amount deposited should be entered in the bank deposits section of the Cash Book. All of these amounts should be taken from the Deposit Report. The Deposit Report is the notification from the BMV of the amount of Excise tax, wheel, and surtax collected for your county for that transaction date. If the amount shown as deposited on the bank statement does not match the Deposit Report, the County should contact the BMV immediately.

Please note that the process of reconciliation requires you compare your county's record balance (cash book) to the bank's record (bank statement). If only the bank statement is used to post the cash book then a true reconciliation has not been done. The deposit report functions in the same way an ACH remittance from the Auditor of State functions for EFT deposits. In addition, the total on the deposit report should also tie to the amount on the last page of the Auditor Report of registrations by Township for the excise tax and to the amount on the last page of the Assessor Report of Registrations by Township for wheel tax and surtax. (The County Bulletin and Uniform Guidelines, Vol 393, Page 12)

COUNTY TREASURER
PARKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 31, 2016, with Mary A. Gregg, County Treasurer; Jamie L. York, Deputy Treasurer; John K. Pratt, President of the County Council; Jim Meece, President of the Board of County Commissioners; and Pam Adams, County Auditor.

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COUNTY HEALTH DEPARTMENT
PARKE COUNTY

COUNTY HEALTH DEPARTMENT
PARKE COUNTY
AUDIT RESULTS AND COMMENTS

PUBLIC RECORDS RETENTION

Not all of the temporary food permit applications were presented for audit. The Sanitarian destroyed the temporary food applications for those vendors that only attended one function for the year.

Indiana Code 5-15-6-3(f), concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission. . . ."

CONDITION OF RECORDS

The Health Department did not have adequate controls in place to keep an accounting of how many birth and death certificates were issued, or of the first and last certificate numbers issued during the year. There was no record of how many food permits and septic permits were issued, or of the first and last permit numbers issued during the year.

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. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY HEALTH DEPARTMENT
PARKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 31, 2016, with John K. Pratt, President of the County Council; Jim Meece, President of the Board of County Commissioners; Pam Adams, County Auditor; Liddy Dowd-Wright, Sanitarian; and Jaye D. Hueston, Health Clerk.

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COUNTY PARK AND RECREATION DEPARTMENT
PARKE COUNTY

COUNTY PARK AND RECREATION DEPARTMENT
PARKE COUNTY
AUDIT RESULTS AND COMMENTS

BOARD MINUTES

The minutes of the meetings of the Park Board did not include detail of matters discussed nor did they reorganize each year.

Indiana Code 5-14-1.5-4(b) states:

"As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under section 3.5 or 3.6 of this chapter or any other statute that authorizes a governing body to conduct a meeting using an electronic means of communication."

Indiana Code 36-10-3-8 states in part:

"(a) All meetings of the board are open to the public. The board shall fix the time and place of its regular meetings, but it shall meet at least quarterly. . . .

(c) At its first regular meeting each year the board shall elect a president and a vice president. . . . The board may select a secretary either from within or outside its membership. . . ."

COUNTY PARK AND RECREATION DEPARTMENT
PARKE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

RECEIPT ISSUANCE

Miscellaneous revenue was included on the County Auditor's Fund Ledger that was not included on the point of sale Campground Master reporting system used at the County Park and Recreation Department. The miscellaneous revenue totaled \$357 and included receipts from the sale of straw, vendor fees, and disc golf youth clinic.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

SALES TAX

The County Park and Recreation Department submitted their taxable and non-taxable receipts to the County Auditor for the sales tax calculation to be remitted to the Indiana Department of Revenue (IDOR). The taxable receipts reported included the sales tax collected. This resulted in an over payment to the IDOR of \$377 for the audit period.

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY PARK AND RECREATION DEPARTMENT
PARKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 31, 2016, with John K. Pratt, President of the County Council; Jim Meece, President of the Board of County Commissioners; Pam Adams, County Auditor; Greg Mitchell, Park Superintendent; Philip R. Weatherman, Park Board Secretary; Robert A. Rusk, Park Board President; and Jameson Hibbs, former Park Superintendent.

COUNTY AUDITOR
PARKE COUNTY

COUNTY AUDITOR
PARKE 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).

During the audit of the SEFA, there were the following errors:

1. One grant had the wrong pass-through entity name and four grants had the wrong pass-through entity numbers.
2. The following grants were overstated on the schedule: Bridge 72 - 20.205 for \$75,181, Emergency Preparedness - 93.074 for \$211, Title IV-D General - 93.563 for \$34,883 and Competitive Performance - 97.042 for \$5,180.
3. The following grants were understated on the schedule: Title IV-D Clerk - 93.563 for \$18,724, Title IV-D Prosecutor - 93.563 for \$13,271, Title IV-D Prosecutor Incentive - 93.563 for \$3,629 and Title IV-D Clerk Incentive - 93.563 for \$1,363.
4. The following grants were omitted from the schedule: USDA EMS Grant - 10.766 for \$34,103, Disaster Grant - 97.036 for \$30,355, Broadband Data Grant - 11.558 for \$4,000 and Hazardous Material - 20.703 for \$4,998.

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 of Indiana, 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."

COUNTY AUDITOR
PARKE 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."

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 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.

Pam Adams
Parke County Auditor
116 West High Street, Room 104
Rockville, IN 47872
765-569-3422 or FAX 765-569-4037
auditor@parkecounty-in.gov



CORRECTIVE ACTION PLAN

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

Contact Person Responsible for Corrective Action: Pam Adams
Contact Phone Number: 765-569-3422

Views of Responsible Official:

Description of Corrective Action Plan:

Develop a spreadsheet log with every grant fund listed, when EFT notices are received from the Auditor of State the amounts are entered onto the log. At year end the Auditor and a Deputy Auditor will balance the entries on the log to the County financial ledger.

Anticipated Completion Date: No later than November 1, 2016



Pam Adams

(Signature)

Parke County Auditor

(Title)

August 30, 2016

(Date)

COUNTY AUDITOR
PARKE COUNTY
AUDIT RESULT AND COMMENT

SALES TAX NOT REMITTED

The County Park and Recreation Department received taxable receipts which are receipted into two separate funds on the County Auditor's Fund Ledger. The County Auditor did not remit the sales tax collected to the Indiana Department of Revenue on the Park Nonreverting Operating fund (Fund 1179) receipts during the audit period. The amount owed to the Indiana Department of Revenue was \$2,080. This amount did not include any penalties and interest.

The County Auditor did not remit sales tax collected in March and October of 2014 for taxable Park and Recreation fund (Fund 1219) receipts. The amounts owed were \$580 and \$1,232, respectively. The amounts did not include any penalties and interest.

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY AUDITOR
PARKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 31, 2016, with John K. Pratt, President of the County Council; Jim Meece, President of the Board of County Commissioners; and Pam Adams, County Auditor.

COUNTY REDEVELOPMENT COMMISSION
PARKE COUNTY

COUNTY REDEVELOPMENT COMMISSION
PARKE COUNTY
AUDIT RESULTS AND COMMENTS

RECEIPT ISSUANCE

We conducted a test designed to verify that receipts issued were properly recorded to the County Redevelopment Commission's records at the time the transactions occurred. Our test of this procedure disclosed that the County Redevelopment Commission did not complete receipts (Form 352) during the audit period.

A similar comment was included in prior Report B44026.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY REDEVELOPMENT COMMISSION
PARKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 31, 2016, with John K. Pratt, President of the County Council; Jim Meece, President of the Board of County Commissioners; Pam Adams, County Auditor; and James R. Bosley, President of the County Redevelopment Commission.