

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

STEUBEN COUNTY, INDIANA

January 1, 2014 to December 31, 2014



**FILED**  
11/09/2016



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Kim A. Koomler	01-01-14 to 12-31-18
County Treasurer	Laurie Stoy	01-01-13 to 12-31-16
Clerk of the Circuit Court	Michelle Herbert	01-01-11 to 12-31-18
County Sheriff	Tim R. Troyer	01-01-11 to 12-31-18
County Recorder	Dani Parish Linda Myers	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Prosecuting Attorney	Jeremy T. Musser	01-01-11 to 12-31-18
President of the Board of County Commissioners	Ronald L. Smith	01-01-14 to 12-31-16
President of the County Council	Richard Shipe	01-01-14 to 12-31-16



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF STEUBEN COUNTY, INDIANA

This report is supplemental to our audit report of Steuben 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

September 19, 2016

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COUNTY AUDITOR  
STEUBEN COUNTY

COUNTY AUDITOR  
STEUBEN 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).

*Context*

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

Five programs were omitted from the SEFA and nine programs had incorrect amounts reported. In total the SEFA was understated by \$67,340.

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:

COUNTY AUDITOR  
STEUBEN COUNTY  
FEDERAL FINDING  
(Continued)

- (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*

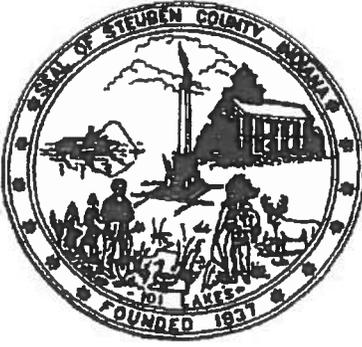
Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

*Effect*

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



**Kim Koomler**

**Steuben County Auditor  
Steuben County Community Center**

317 South Wayne Street, Suite 2J  
Angola Indiana, 46703  
Phone (260)668-1000 x 1218  
Fax (260)665-8483

**CORRECTIVE ACTION PLAN**

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

**Contact Person Responsible for Corrective Action: Kim Koomler, Steuben County Auditor**

**Phone Number: 260-668-1000 ext. 1218**

**Status of Audit Finding:**

Steuben County Auditor implemented additional internal controls to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Auditor has implemented a more efficient internal review procedure to ensure the proper review of all grant information prior to entering data into (SEFA) Schedule of Expenditures of Federal Awards portion of the Annual Financial Report. Additionally, there is a secondary review by the Auditor or her designee of all grant report data.

Additionally, controls over receipting, disbursing, recording and accounting for the financial activities are in place to avoid substantial risk. This is being done by requiring a second person prepare and update an excel spreadsheet for tracking of each individual grant.

Kim Koomler  
(Signature)

Auditor  
(Title)

9/16/14  
(Date)

COUNTY AUDITOR  
STEUBEN COUNTY  
AUDIT RESULT AND COMMENT

**APPROPRIATIONS**

The records presented for audit indicated the following expenditures in excess of budgeted appropriations for the year 2014:

<u>Fund</u>	<u>Excess Amount Expended</u>
16.575 Pros Victim Assistance	\$ 11,830
16.588 Stop Violence Agnst Wmn	3,028
Comm Correct Proj Inc FY 2014	13,574

The records presented for audit indicated the following funds were expended without appropriation for the year 2014 by the County Council:

<u>Fund</u>	<u>Excess Amount Expended</u>
Riverboat	\$ 499
16.607 Bulletproof Vests	7,405
Rec. Trails Bike Trail	11,261
20.509 Transit Star 1802564P	282,939
20.600 DUI Task Force IND	7,175
97.042 Homeland Sec FEMA	5,180
8118 FAA AIP 3-18-0002-013-2	19,152
Health Dept Trailer Grant 93.074	15,000
FAA PART ALP UPDT 31800 20.106	29,469
FAA Runway 5/23 ETC CON #20.106	26,171
WIC Fiscal Yrs (ODD #s)	39,295
16.527 CAVA Visit & Exchange	125,900
Multi-Haz Mit Plan Grant #97.039	30,001
93.563 Title IV-D Incentive	10,013
WIC SCCF Grant	127
LARE Grant/Boat Patrol	25,000
Mental Health Grant 2015 FD 010	3,740

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

COUNTY AUDITOR  
STEUBEN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 19, 2016, with Kim A. Koomler, County Auditor; Ronald L. Smith, President of the Board of County Commissioners; Richard Shipe, President of the County Council; and Lori L. Hickey, County Auditor Chief Deputy.

COUNTY SHERIFF  
STEUBEN COUNTY

COUNTY SHERIFF  
STEUBEN COUNTY  
AUDIT RESULTS AND COMMENTS

**OLD INMATE TRUST BALANCES**

When inmates were released or discharged, they were refunded the balance of their inmate accounts by check, but not all checks were cashed. Numerous uncashed checks remained unclaimed and included in the balances of the inmate trust accounts. Monies held for more than one year should be remitted to the Attorney General's office as unclaimed property. At December 31, 2014, the inmate trust balances included monies dated back to 2002.

Indiana Code 32-34-1-20(c) states in part:

"Property that is held, issued, or owed in the ordinary course of a holder's business is presumed abandoned if the owner or apparent owner has not communicated in writing with the holder concerning the property or has not otherwise given an indication of interest in the property during the following times: . . . .

- (7) For property held by a state or other government, governmental subdivision or agency, or public corporation or other public authority, one (1) year after the property becomes distributable."

Indiana Code 32-34-1-26(a) states: "A holder of property that is presumed abandoned and that is subject to custody as unclaimed property under this chapter shall report in writing to the attorney general concerning the property. Items of value less than fifty dollars (\$50) may be reported by the holder in the aggregate."

Indiana Code 32-34-1-27(a) states: "Except as provided in subsections (b) and (c), on the date a report is filed under section 26 of this chapter, the holder shall pay or deliver to the attorney general the property that is described in the report as unclaimed."

**RECONCILIATION OF INMATE TRUST RECORDS**

The total of the Active Cash Account Balance Report (subsidiary record) did not agree with the Inmate Trust Check Register (control ledger). At December 31, 2014, the inmate trust control ledger was \$525 more than the subsidiary record.

A similar comment appeared in prior Report B44693.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY SHERIFF  
STEUBEN COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

***PRESCRIBED FORMS***

The County Sheriff's Department uses Quicken Software to account for the Steuben County Jail Commissary, Steuben County Jail Meal Allowance, and Steuben County Inmate Trust funds. This accounting software's design can allow changes to a transaction file to occur without showing evidence of the transaction changes. A good design will not allow changes to a transaction file to occur unless done through an application that tracks the changes. In addition, reports provided were not the ledgers prescribed by the Indiana State Board of Accounts.

A similar comment appeared in prior Report B44693.

All transactions that occur in the system must be recorded. Transactions can be maintained on-line, on back-up tapes, microfilmed, or printed on hard copy. These transactions include, but are not limited to, all input transactions, transactions that generate receipts, transactions that generate checks, master file updates, and all transactions that affect the ledgers in anyway. The system must be designed so that changes to a transaction file cannot occur without being processed through an application. (The County Bulletin and Uniform Compliance Guidelines, Vol. 354, Pg 16)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

***STEUBEN COUNTY JAIL MEAL ALLOWANCE AND COUNTY SHERIFF'S DEPARTMENT SEIZED ASSETS***

The Steuben County Meal Allowance fund and the County Sheriff's Department Seized Assets fund are maintained by the County Sheriff's Department. The Meal Allowance fund is used to account for meals served to inmates. The Seized Assets fund is used to supplement the Sheriff's General fund budget.

Indiana Codes 36-2-7-15 and 36-8-10-21 provide statutory authority for the establishment of the County Sheriff's Cash Book and the Commissary fund, respectively. These are the only two funds specifically authorized to be held by the County Sheriff outside the Office of the County Auditor. The County Sheriff was informed that the County Auditor, as the Fiscal Officer of the County (IC 36-1-2-7) should maintain the Meal Allowance fund and the Seized Assets fund.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and the Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY SHERIFF  
STEUBEN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 27, 2016, with Tim R. Troyer, County Sheriff, and Julie Troyer, Office Manager.

The contents of this report were discussed on September 19, 2016, with Ronald L. Smith, President of the Board of County Commissioners, and Richard Shipe, President of the County Council.

COUNTY PROSECUTING ATTORNEY  
STEUBEN COUNTY

COUNTY PROSECUTING ATTORNEY  
STEUBEN COUNTY  
FEDERAL FINDING

***FINDING 2014-002 - ALLOWABLE COSTS/COST PRINCIPLES***

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): FY2014  
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 in order to ensure compliance with requirements related to the grant agreement and the following compliance requirement: Allowable Costs/Cost Principles.

*Context*

The County Prosecuting Attorney's office was required to maintain Semiannual Certifications and Personnel Activity Reports on all full-time and part-time employees paid from the grant. There were no certifications or reports completed for employees during the audit period. The County Prosecuting Attorney's office was not aware of the certifications or reports required for employees.

*Criteria*

OMB A-87, Attachment B, Item 8(h), states in part:

". . . (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non Federal award,

COUNTY PROSECUTING ATTORNEY  
STEUBEN COUNTY  
FEDERAL FINDING  
(Continued)

- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity. . . ."

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 enabled material compliance to go undetected. Noncompliance with the compliance requirement could have resulted in the loss of federal funds to the County.

*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 compliance requirement listed above.

*Views of Responsible Officials*

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



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CORRECTIVE ACTION PLAN

**FINDING 2014-002**

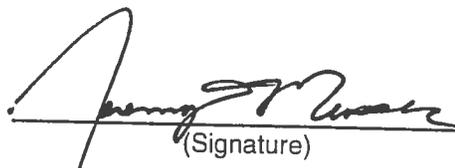
Contact Person Responsible for Corrective Action: Traci Bruick, IV-D Administrator  
Contact Phone Number: (260) 668-1000 x 2500

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

We received guidance from CSB on July 20<sup>th</sup>, 2016 in accordance with the "Cooperative Agreement for Federal Financial Participation for Prosecuting Attorneys Performing Title IV-D Services, section IV.B.3 and IV.E.10. We rely on the policies, procedures and forms, as well as training, provided by CSB for compliance with federal requirements. Pursuant to that guidance, we will comply with the following: 2 CFR 225 APP. B 8(h) "(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certification that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee."

Anticipated Completion Date: 8/18/2016

  
\_\_\_\_\_  
(Signature)

Prosecutor  
\_\_\_\_\_  
(Title)

8/17/16  
\_\_\_\_\_  
(Date)

FAX # (260) 665-2320  
Telephone (260) 668-1000

Bad Check Investigator  
ext. 2410

Victim Assistance Office  
ext. 2430 or 2490

All Other Calls  
ext.

COUNTY PROSECUTING ATTORNEY  
STEUBEN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 19, 2016, with Jeremy T. Musser, County Prosecuting Attorney; Nichole Upp, Prosecutor Office Manager; Traci Bruick, IV-D Administrator; Ronald L. Smith, President of the Board of County Commissioners; and Richard Shipe, President of the County Council.