

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

DUBOIS COUNTY, INDIANA

January 1, 2014 to December 31, 2014



**FILED**  
11/18/2016



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Clerk of the Circuit Court:	
Federal Finding:	
Finding 2014-001 - Internal Controls over Financial Transactions and Reporting .....	6
Corrective Action Plan .....	7-8
Audit Results and Comments:	
Clerk's Trust Items over Five Years Old .....	9
Outstanding Check Listing .....	9
Exit Conference .....	10
County Community Corrections:	
Audit Results and Comments:	
Deposits .....	12
Bank Account Reconciliations.....	12
Ledger Not Maintained.....	12
Indigent Funds .....	12-13
Collections of Amounts Due.....	14
Exit Conference .....	15
County Prosecuting Attorney:	
Federal Finding:	
Finding 2014-002 - Internal Controls over Child Support Enforcement.....	18-19
Corrective Action Plan .....	20
Exit Conference .....	21

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Kathleen M. Hopf	01-01-11 to 12-31-18
County Treasurer	Chad A. Blessinger	01-01-13 to 12-31-16
Clerk of the Circuit Court	Bridgette N. Jarboe	01-01-11 to 12-31-18
County Sheriff	Donald R. Lampert	01-01-11 to 12-31-18
County Recorder	Rebecca S. Gates	01-01-11 to 12-31-18
President of the Board of County Commissioners	Randall L. Fleck Lawrence M. Vollmer	01-01-14 to 12-31-15 01-01-16 to 12-31-16
President of the County Council	Gregory A. Kendall	01-01-14 to 12-31-16



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF DUBOIS COUNTY, INDIANA

This report is supplemental to our audit report of Dubois 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

October 3, 2016

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CLERK OF THE CIRCUIT COURT  
DUBOIS COUNTY

CLERK OF THE CIRCUIT COURT  
DUBOIS COUNTY  
FEDERAL FINDING

**FINDING 2014-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

*Condition*

There was a lack of segregation of duties within the internal control system of the Clerk of the Circuit Court (Clerk) related to financial transactions and reporting.

The Clerk was the back-up person in charge of collecting and receipting for the Indiana Support Enforcement Tracking System (ISETS) program funds. The Clerk was solely responsible for preparing the bank deposit, posting all receipts to the records, writing and posting all checks for the department, reconciling the bank statements monthly, and preparing the monthly reports. There was no review or oversight over the cash, receipts, disbursements, or reporting processes to ensure that they were performed accurately and completely.

*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 Clerks of the Circuit Courts of Indiana, Chapter 13)

*Cause*

Management of the County had not established a proper system of internal control, including segregation of duties.

*Effect*

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the County at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner.

*Views of Responsible Officials*

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



Dubois County Clerk's Office

CORRECTIVE ACTION PLAN

**FINDING 2014-001**

Contact Person Responsible for Corrective Action: Bridgette N. Jarboe  
Contact Phone Number: 812-481-7037

Views of Responsible Official: Triangle of responsibilities was addressed after 2015 SBOA June/July conference. Changes were made in the office to follow triangle theory. 1<sup>st</sup> deputy is writing out the deposits for JTS (case management), and while not trying to receipt any money into her own drawer unless necessary when the office staff is short of workers. The Clerk is writing and approving the deposits for ISETS, and only taking in money when office is short staffed, and another deputy is making deposits at the bank daily, unless she is out of the office then one of the others makes the deposit.

The Clerk is approving the deposit daily with the 1<sup>st</sup> deputy for amount on posting pages from JTS, and against deposit slip that is returned the same day deposit is made.

ISETS is approved daily and is posted before deposit is written out and taken to the bank. Deposit slip is check against bank receipt daily when Deputy returns from bank run.

Clerk is reconciling monthly statements and by action of the office the Clerk, the Clerk's name appears on every check written out of the office. Clerk is writing checks to the Auditor monthly and the State 2 times a year.

Description of Corrective Action Plan: According to SBAO, the Clerk may not reconcile the checking accounts if they are handling money. The Deputy taking payments may not do deposits, and person approving ISETS may not be taking payments and writing out deposit slips.

Corrective action: would ask that there be a bookkeeper, who cannot interact with the public that has anything to do with money, and this be their primary job. Also having someone else verify the work the bookkeeper is doing, and the Clerk being responsible for money they are not ever handling because their name appears on the checks.

This is not feasible for this office, as that would take us down from 5 fulltime to 3 fulltime and one part time person who could handle money from the public. And when staff is out this would leave very limited resources to work the counter in the office and would have the public to suffer. As it is now the Clerk and the 1<sup>st</sup> Deputy are on an as needed basis. We will continue to work this way, and the Clerk will still do the reconciliation of all bank statements, however the Clerk will no longer approve ISETS batches for an individual nor will the Clerk write out any deposit slips.

The Clerk takes exception to this, and since the Clerk will no longer on a daily basis see ISETS, she cannot see if some has voided a receipt, and money is missing, and without handling the or seeing the deposits for JTS ( case management) will not know if deposits were correct or not if not allowed post and reconcile, but ultimately is responsible if money is missing. There are limited reports to show, and the Clerk feels the full concept of ISETS, and this office is not understood by SBOA, and even though the office balances monthly and has no issue, the office is being penalized because of others actions outside

of the this county. The reports monthly for balancing/reconciling do give us the opportunity to double check what has transpired for the month, and when balancing monthly would indicate a potential problem, but restricting the access of the Clerk, it allows more time for something to happen.

As it is now, as stated the Clerk and the 1<sup>st</sup> deputy are only handling money on as needed basis. All requests will be met to the best of our abilities without adding a position, or causing a lack of service to the public. So going forward the 1<sup>st</sup> deputy will be writing out the bank deposit slips, and another deputy will be deputy will be taking deposits to the bank, for both ISETS and JTS, and another deputy will now be handling the posting the next day. The ISETS deposits as always are approved by another person, not possible to approve your own batch, however, the bank deposit slips will be written out by another deputy, but not the same one as taking the bank deposits. The Clerk will only handle money when staff is low, and reconcile monthly. The Clerk will write checks and the Clerk's name will still appear on the checks.

Anticipated Completion Date: 10/03/2016

  
(Signature)

**Clerk of Courts**  
\_\_\_\_\_  
(Title)

**10/03/2016**  
\_\_\_\_\_  
(Date)

CLERK OF THE CIRCUIT COURT  
DUBOIS COUNTY  
AUDIT RESULTS AND COMMENTS

**CLERK'S TRUST ITEMS OVER FIVE YEARS OLD**

Our review of trust items on hand revealed that many items had been on hand for a period of five years or longer. The Clerk of the Circuit Court has not implemented policies and procedures for reporting unclaimed property and remitting that property to the Attorney General after the five year holding period.

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: . . .

- (6) For property or proceeds held by a court or a court clerk, five (5) years after the property or proceeds become distributable. The property or proceeds must be treated as unclaimed property under IC 32-34-3. . . ."

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 of 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."

**OUTSTANDING CHECK LISTING**

The Clerk of the Circuit Court did not provide for audit a detailed listing of outstanding checks for the ISETS fund as of December 31, 2014. Due to the lack of a detailed listing, we could not verify the amount of \$34,812 reported as outstanding checks on the bank reconciliation performed for December 31, 2014.

Indiana Code 5-15-6-3(d) states:

"No financial records or records relating thereto shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced as described in subsection (e)."

CLERK OF THE CIRCUIT COURT  
DUBOIS COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2016, with Bridgette N. Jarboe, Clerk of the Circuit Court; Kathleen M. Hopf, County Auditor; Elmer Brames, County Commissioner; and Mary E. Beckman, County Council member.

COUNTY COMMUNITY CORRECTIONS  
DUBOIS COUNTY

COUNTY COMMUNITY CORRECTIONS  
DUBOIS COUNTY  
AUDIT RESULTS AND COMMENTS

**DEPOSITS**

Receipts tested for Community Corrections Project Income, Community Corrections Commissary, and Community Corrections Indigent funds were deposited later than the next business day for 60 percent, 22 percent, and 33 percent, respectively, of the items tested.

Indiana Code 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

A similar comment appeared in the prior Report B43992.

**BANK ACCOUNT RECONCILIATIONS**

Depository reconciliations of the Community Corrections Project Income fund balances to the bank account balances were not presented for audit for the months of November and December 2014.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

**LEDGER NOT MAINTAINED**

Financial records presented for audit were incomplete and not reflective of the activity of the Community Corrections Project Income. The records presented did not provide sufficient information to establish the accuracy or completeness of the transactions and balances for the of the Project Income fund because a ledger was not maintained for Project Income in 2014.

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

**INDIGENT FUNDS**

The records presented for audit did not provide sufficient information to establish the accuracy or completeness of the transactions of the Community Corrections Indigent fund because adequate records supporting the financial activity of the program were not maintained.

Funds were made available to Community Corrections program participants who had little or no financial resources through the Community Corrections Indigent fund. Participants were issued a prenumbered card that they could use to make vending machine purchases of up to a maximum of \$10/day. An Indigent Card Issue Log Sheet was maintained to document the card number that was issued to each participant.

COUNTY COMMUNITY CORRECTIONS  
DUBOIS COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

The Community Corrections Director would receive weekly Indigent Cash Card Reports from Krodel Wholesale (vending machine vendor) that showed the charges that were made each day by card number. The card number was then matched to a participant using the Indigent Card Issue Log Sheet, and charges were then posted to the participant's Indigent Fund Report. The Indigent Fund Report also included the amounts that had been paid by the participant, including the date and receipt number.

The charges were subsequently entered from the Indigent Fund Reports into the computerized billing system in addition to other program charges. However, based on discussions with Community Corrections staff, staffing shortages prevented the charges from being entered into the billing system on a timely basis. When a participant was released from the program, any collections of amounts owed were strictly based off the information that had been entered into the system.

The Community Corrections Department would receive an invoice, on a quarterly basis, for all amounts that had been charged to the prenumbered cards by the participants. During 2014, the invoices totaled \$27,486.

During the audit, the following deficiencies existed with the handling of the prenumbered cards:

1. Individual participant charges were not posted to the Indigent Fund Reports from October 22, 2014 through December 31, 2014.
2. The Indigent Card Issue Log Sheets presented for audit only covered the period from June 12, 2014 to October 10, 2014.
3. Weekly Indigent Cash Card Reports from the vendor were not available for audit for the weeks of January 15, 2014, November 12, 2014, and November 19, 2014.
4. Records were not available for audit to determine how much of the \$27,486 in charges per the vendor invoices was subsequently posted to the billing system as Indigent Fund charges.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Indiana Code 5-15-6-3(d) states:

"No financial records or records relating thereto shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced as described in subsection (e)."

COUNTY COMMUNITY CORRECTIONS  
DUBOIS COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

***COLLECTIONS OF AMOUNTS DUE***

As of December 31, 2014, an outstanding balance report of amounts due from participants was presented for audit. The report reflected an amount owed to the County of \$55,997 for the Community Corrections Project Income fund and \$28,351 for the Community Corrections Indigent fund. Due to the untimely posting of charges and incomplete recordkeeping, the outstanding balances could not be verified.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)



COUNTY COMMUNITY CORRECTIONS  
DUBOIS COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2016, with Megan Durlouf, Treatment Program Facilitator; Jennifer Lampert, Chief Probation Officer; Jodi Richardson, Mental Health Advisory Board member; Kathleen M. Hopf, County Auditor; Donald R. Lampert, County Sheriff; William C. Wells, Community Corrections Director; Elmer Brames, County Commissioner; and Mary E. Beckman, County Council member.

The contents of this report were also discussed via telephone conference on October 5, 2016, with Mark R. McConnell, Judge and President of the Community Corrections Advisory Board, and Nathan Verkamp, Judge and Vice President of the Community Corrections Advisory Board.

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COUNTY PROSECUTING ATTORNEY  
DUBOIS COUNTY

COUNTY PROSECUTING ATTORNEY  
DUBOIS COUNTY  
FEDERAL FINDING

***FINDING 2014-002 - INTERNAL CONTROLS OVER CHILD SUPPORT ENFORCEMENT***

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 Dept of Child Services

*Condition*

Management of the County Deputy Prosecutor's office had not established an effective internal control system, which would have included segregation of duties, to ensure compliance with the grant agreement and the requirements related to Cash Management, Period of Availability, and Reporting.

*Cash Management and Reporting*

An effective internal control system was not in place to ensure that the Monthly Expense Claims and the Quarterly Incentive Expenditure Reports were accurately prepared and submitted. The Title IV-D Administrator was the sole person responsible for completing and submitting the reports. There was no segregation of duties to ensure that the reports submitted were accurate and complete.

*Period of Availability*

An effective internal control system was not in place to ensure that the expenditures reported on the Monthly Expense Claims had occurred within the period of availability. There was no segregation of duties, such as an oversight, review, or approval process.

*Context*

This was a systemic problem within the Child Support Enforcement program administered by the County Deputy Prosecutor's office.

*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 PROSECUTING ATTORNEY  
DUBOIS COUNTY  
FEDERAL FINDING  
(Continued)

*Cause*

Management of the County Deputy Prosecutor's office had not developed a system of internal controls, including segregation of duties, that would have ensured compliance with the requirements listed above.

*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 Deputy Prosecutor's Office establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

*View of Responsible Officials*

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

OFFICE OF THE DEPUTY PROSECUTOR  
CHILD SUPPORT DIVISION  
DUBOIS COUNTY, INDIANA  
716 Clay Street  
Jasper, IN 47546-3004

William L. Shaneyfelt  
Deputy Prosecutor

Telephone: (812) 482-1818  
Facsimile: (812) 482-6809

Michele K. Roelle, IV-D Administrator

CORRECTIVE ACTION PLAN

**FINDING 2014-002**

Contact Person Responsible for Corrective Action: William Shaneyfelt  
Contact Phone Number: 812-482-1818

Views of Responsible Official:

I understand the requirement to create and implement an Internal Control System.

Description of Corrective Action Plan:

As of this date, I have made staffing changes. I will be reviewing all current procedures and will create and implement a finalized Corrective Action Plan after I have reviewed and discussed current procedures with staff and our State Child Support Field Consultant.


Anticipated Completion Date:

I will need sufficient time to have the necessary review with staff and the State Consultant and incorporate all implemented internal controls into a written Plan. The amount of time also incorporates the fact that I have other professional responsibilities, including responsibilities to the Child Support Program between now and the end of November. I do anticipate that internal controls will likely be implemented on an interim basis between now and November 30, 2016.

  
(Signature)

Deputy Prosecutor – Child Support Enforcement  
(Title)

October 3, 2016  
(Date)

  
10-3-2016

COUNTY PROSECUTING ATTORNEY  
DUBOIS COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2016, with Kathleen M. Hopf, County Auditor; Elmer Brames, County Commissioner; Mary E. Beckman, County Council member; and William L. Shaneyfelt, Deputy Prosecuting Attorney - Child Support.