

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

LAGRANGE COUNTY, INDIANA

January 1, 2015 to December 31, 2015



**FILED**

12/30/2016



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Kay M. Myers	01-01-15 to 12-31-18
County Treasurer	Vonda L. Akey	01-01-13 to 12-31-16
Clerk of the Circuit Court	Bonnie J. Brown	01-01-13 to 12-31-16
County Sheriff	Jeffrey A. Campos	01-01-15 to 12-31-18
County Recorder	Jennifer D. McBride	01-01-13 to 12-31-16
County Prosecutor	Gregory J. Kenner	01-01-15 to 12-31-18
President of the County Council	Peter A. Cook	01-01-15 to 12-31-16
President of the Board of County Commissioners	John A. Price (deceased) (Vacant) Larry N. Miller	01-01-15 to 09-06-15 09-07-15 to 09-20-15 09-21-15 to 12-31-16



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF LAGRANGE COUNTY, INDIANA

This report is supplemental to our audit report of LaGrange 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/](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 Result and Comment 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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, were not verified for accuracy.

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

November 14, 2016

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CLERK OF THE CIRCUIT COURT  
LAGRANGE COUNTY

CLERK OF THE CIRCUIT COURT  
LAGRANGE COUNTY  
AUDIT RESULT AND COMMENT

***REGISTER NOT PRESENTED FOR AUDIT***

The December 31, 2015 register of trust funds and cash bonds was not presented for audit. Due to the register not being presented for audit, we were unable to verify the amounts on the Clerk of the Circuit Court's Cash Book for trust funds and cash bonds of \$87,753 and \$165,229, respectively.

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 Clerks of the Circuit Courts of Indiana, Chapter 13)

Public records, financial statement information and supporting information generated through a computer system should be printed out on paper, printed to disk or maintained on-line at the end of each reporting year and retained for audit. Information must be maintained in a manner that will allow access for audit and public inquiry on equipment of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 13)



CLERK OF THE CIRCUIT COURT  
LAGRANGE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 14, 2016, with Bonnie J. Brown, Clerk of the Circuit Court; Larry N. Miller, President of the Board of County Commissioners; Peter A. Cook, President of the County Council; Michael G. Strawser, Vice President of the County Council; and Kay M. Myers, County Auditor.

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COUNTY AUDITOR  
LAGRANGE COUNTY

COUNTY AUDITOR  
LAGRANGE COUNTY  
FEDERAL FINDINGS

**FINDING 2015-001 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*Condition*

The County did not have an effective system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

The County Auditor prepared and submitted the SEFA without effective controls to ensure its accuracy before submission. This resulted in the following errors on the SEFA presented for audit:

1. ARRA - Formula Grants for Rural Areas in the amount of \$86,440 was omitted.
2. Bus and Bus Facilities Formula Program in the amount of \$34,050 was omitted.
3. Child Support Enforcement was understated by \$3,334.
4. Emergency Management Performance Grants was understated by \$10.

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 County Auditors of Indiana, Chapter 14)

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 § 200.510 Financial statements. . . ."

2 CFR 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 § 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

COUNTY AUDITOR  
LAGRANGE COUNTY  
FEDERAL FINDINGS  
(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 § 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 § 200.414 Indirect (F&A) costs."

*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.

**FINDING 2015-003 - SPECIAL TESTS AND PROVISIONS -  
SEPARATE ACCOUNTABILITY FOR ARRA FUNDING**

Federal Agency: Department of Transportation

Federal Program: ARRA - Formula Grants for Rural Areas

CFDA Number: 20.509

Federal Award Number and Year (or Other Identifying Number): A249-14-320487

Pass-Through Entity: Indiana Department of Transportation

COUNTY AUDITOR  
LAGRANGE COUNTY  
FEDERAL FINDINGS  
(Continued)

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-002.

*Condition*

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the following compliance requirement: Special Tests and Provisions - Separate Accountability for ARRA Funding.

The County combined the federal program records of Formula Grants for Rural Areas and ARRA - Formula Grants for Rural Areas into the Council On Aging Transit Grant Fund; however, the ARRA - Formula Grants for Rural Areas was required to maintain separate records.

The County also did not report the ARRA - Formula Grants for Rural Areas properly on the Schedule of Expenditures of Federal Awards (SEFA). The ARRA - Formula Grants for Rural Areas was required to be reported separately on the SEFA.

*Context*

No control procedures had been established for the audit period to ensure ARRA - Formula Grants for Rural Areas maintained separate records from Formula Grants for Rural Areas. The controls in place were not effective to ensure ARRA - Formula Grants for Rural Areas was separately reported on the SEFA.

*Criteria*

2 CFR section 176.210 states in part:

". . . (a) To maximize the transparency and accountability of funds authorized under the American Recovery and Reinvestment Act of 2009 (Pub. L. 111-5) (Recovery Act) as required by Congress and in accordance with 2 CFR 215.21 'Uniform Administrative Requirements for Grants and Agreements' and OMB Circular A-102 Common Rules provisions, recipients agree to maintain records that identify adequately the source and application of Recovery Act funds . . .

(b) For recipients covered by the Single Audit Act Amendments of 1996 and OMB Circular A-133, 'Audits of States, Local Governments, and Non-Profit Organizations,' recipients agree to separately identify the expenditures for Federal Awards under the Recovery Act on the Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form (SF-SAC) required by OMB Circular A-133. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award 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 AUDITOR  
LAGRANGE COUNTY  
FEDERAL FINDINGS  
(Continued)

*Cause*

Management had not developed a system of internal controls that segregated key functions.

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected which 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.

We also recommended that the County comply with the Special Tests and Provisions - Separate Accountability for ARRA Funding.

*Views of Responsible Officials*

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



## LaGrange County Auditor

114 West Michigan Street  
Suite 1  
LaGrange, IN 46761

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Phone 260-499-6430  
Fax 260-499-6401

### CORRECTIVE ACTION PLAN

***FINDING 2015-001***

Fiscal year in which the finding initially occurred: 2015

Contact Person Responsible for Corrective Action: Kay Myers, County Auditor

Contact Phone Number: 260-499-6310


I concur with the finding.

Description of Corrective Action Plan:

In the future controls will be in place to prevent, or detect and correct errors on the Schedule of Expenditures of Federal awards (SEFA). Controls will be in place to verify accuracy of the SEFA prior to submission.

The Auditor has implemented internal controls to 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. Implementing internal policy to address segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Anticipated Completion Date: November 10, 2016

  
\_\_\_\_\_  
LaGrange County Auditor

November 3, 2016





## LaGrange County Auditor

114 West Michigan Street  
Suite 1  
LaGrange, IN 46761

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Phone 260-499-6430  
Fax 260-499-6401

### CORRECTIVE ACTION PLAN

***FINDING 2015-003***

Fiscal year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana  
Department of Transportation

Contact Person Responsible for Corrective Action: Kay Myers, County Auditor

Contact Phone Number: 260-499-6310

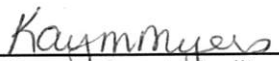
I concur with the finding.

Description of Corrective Action Plan:

In the future federal program records of Formula Grants for Rural Areas and ARRA-Formula Grants for Rural Areas will not be combined into the same fund. The ARRA funds will be maintained separately.

The Auditor has implemented internal controls to 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. Implementing internal policy to address segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Anticipated Completion Date: November 10, 2016

  
\_\_\_\_\_  
LaGrange County Auditor

November 3, 2016

COUNTY AUDITOR  
LAGRANGE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 14, 2016, with Kay M. Myers, County Auditor; Larry N. Miller, President of the Board of County Commissioners; Peter A. Cook, President of the County Council; and Michael G. Strawser, Vice President of the County Council.

COUNTY PROSECUTOR  
LAGRANGE COUNTY

COUNTY PROSECUTOR  
LAGRANGE COUNTY  
FEDERAL FINDING

***FINDING 2015-002 - 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): FY 2015  
Pass-Through Entity: Indiana Department of Child Services

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-001.

*Condition*

An effective internal control system was not in place at the County in order to ensure compliance with requirement related to the grant agreement and the following compliance requirement: Allowable Costs/Cost Principles.

The County Prosecuting Attorney's office was required to maintain time and effort reports on all part-time employees paid from the grant. There were no time and effort reports being maintained for part-time employees during the audit period.

*Context*

There was a lack of controls for the entire audit period; no part-time employee time and effort reports were maintained.

*Criteria*

2 CFR 200.430(h)(8)(i) states in part:

- "(i) Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:
- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
  - (ii) Be incorporated into the official records of the non-Federal entity;
  - (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);"

COUNTY PROSECUTOR  
LAGRANGE COUNTY  
FEDERAL FINDING  
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award 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). . . ."

*Cause*

Management had not developed a system of internal controls that segregated key functions.

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected which 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.

We also recommended that the County comply with the Allowable Costs/Cost Principles requirements of the program.

*Views of Responsible Officials*

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



Gregory J. Kenner  
*Prosecuting Attorney*

Travis J. Glick  
*Chief Deputy*

William Walz  
*Deputy*

John Parrish  
*Investigator*

COUNTY OFFICE BLDG.  
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LAGRANGE, INDIANA 46761  
PHONE: 260-499-6326  
FAX: 260-499-6402

**CORRECTIVE ACTION PLAN**

**FINDING 2015-002**

**Contact Person Responsible for Corrective Action:**

Gregory J. Kenner, LaGrange County Prosecutor

**Contact Phone Number:** 260-499-6326

**View of Responsible Official:**

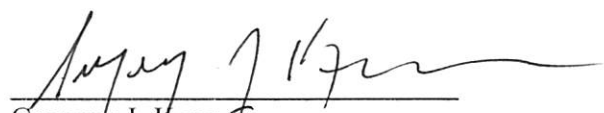
We concur with the finding.

**Description of Corrective Action Plan:**

We are putting into place a system of internal control with separate time sheets showing the reporting of segregation of duties for Prosecutor employees paid partially from Child Support Enforcement grant funds.

**Anticipated Completion Date:**

Next reporting period for payroll ending November 11, 2016.

  
\_\_\_\_\_  
Gregory J. Kenner  
LaGrange County Prosecuting Attorney  
November 1, 2016

COUNTY PROSECUTOR  
LAGRANGE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 14, 2016, with Gregory J. Kenner, County Prosecutor; Larry N. Miller, President of the Board of County Commissioners; Peter A. Cook, President of the County Council; and Michael G. Strawser, Vice President of the County Council.