

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WHITE COUNTY, INDIANA

January 1, 2015 to December 31, 2015



**FILED**  
01/06/2017



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Gayle E. Rogers	01-01-13 to 12-31-18
County Treasurer	Jill Guingrich	01-01-13 to 12-31-20
Clerk of the Circuit Court	Paula Lantz	01-01-13 to 12-31-18
County Sheriff	Patrick Shafer	01-01-13 to 12-31-18
County Recorder	Bruce Lambert	01-01-13 to 12-31-18
President of the Board of County Commissioners	John Heimlich	01-01-15 to 12-31-16
President of the County Council	Raymond L. Kramer Jr.	01-01-15 to 12-31-16



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF WHITE COUNTY, INDIANA

This report is supplemental to our audit report of White 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 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, incorporated within this report, was not verified for accuracy.

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

November 22, 2016

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COUNTY AUDITOR  
WHITE COUNTY

COUNTY AUDITOR  
WHITE COUNTY  
FEDERAL FINDING

**FINDING 2016-001 - 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). The County Auditor independently prepared the SEFA without oversight, review, or approval.

The SEFA presented for audit was materially incorrect. The federal expenditures reported for the Economic Development Cluster were understated by \$552,527; the expenditures reported for the Airport Improvement Program were understated by \$168,520. Expenditures for several other programs included immaterial errors.

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  
WHITE COUNTY  
FEDERAL FINDING  
(Continued)

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the 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 that 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.



**Gayle E. Rogers**  
**White County Auditor**  
110 N Main St., PO Box 260, Monticello, IN 47960  
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**CORRECTIVE ACTION PLAN**

**FINDING 2015 - 001**

Contact Person Responsible for Corrective Action: Gayle Rogers, White County Auditor  
Contact Phone Number: 574/583-1515

Views of Responsible Official: I concur with the findings of the State

Description of Corrective Action Plan: Internal controls have been put in place for review of the SEFA by the 1<sup>st</sup> Deputy Auditor to verify the totals entered into the report by the Auditor. We have also gone a step further and have begun training the Auditor's 1<sup>st</sup> Deputy on grant tracking so there will be an understanding of the determination of the annual totals to be input into the SEFA report.

Anticipated Completion Date: Internal Control, immediate; Grant training, December 31, 2016

**FINDING 2015-002**

Contact Person Responsible for Corrective Action: Gayle Rogers, White County Auditor  
Contact Phone Number: 574/583-1515

Views of Responsible Official: I concur with the findings of the State

Description of Corrective Action Plan: The Auditor will work with the Airport personnel to ensure internal control wage requirements are met.

Gayle E Rogers  
(Signature)

AUDITOR  
(Title)

12/12/16  
(Date)

COUNTY AUDITOR  
WHITE COUNTY  
AUDIT RESULTS AND COMMENTS

**SALES TAX PAID**

Two disbursements tested included sales tax of \$415.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Auditors of Indiana, Chapter 14)

**APPROPRIATIONS**

The expenditures of the Solid Waste Operating fund exceeded the budgeted appropriations by \$862,693.

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."

**OVERDRAWN CASH BALANCES**

The financial statement presented in the Financial Statement and Federal Single Audit Report included the following funds with overdrawn cash balances at December 31, 2015:

Fund	Amount Overdrawn
Payroll Withholding - FICA & Medicare	\$ 15
Payroll Withholding - Local Tax	2
Payroll Withholding - State	4
Soil & Water (Payroll)	1,470
White County Economic Development	11,861
Solid Waste Management	7,569

The schedule does not include funds with overdrawn cash balances due to the timing of reimbursements for grant expenditures.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COUNTY AUDITOR  
WHITE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 22, 2016, with Gayle E. Rogers, County Auditor; John Heimlich, President of the Board of County Commissioners; and Raymond L. Kramer Jr., President of the County Council.

COUNTY TREASURER  
WHITE COUNTY

COUNTY TREASURER  
WHITE COUNTY  
AUDIT RESULT AND COMMENT

***BANK ACCOUNT RECONCILIATIONS***

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliations did not balance. At December 31, 2015, there were unidentified errors totaling \$2,541. Additionally, the Auditor's funds ledger has not reconciled to the Treasurer's reconciled balance since 2013. The Auditor's funds ledger exceeded the Treasurer's reconciled balance by \$94,675 at December 31, 2013, and \$90,104 at December 31, 2014, and December 31, 2015.

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."

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 County Treasurers of Indiana, Chapter 10)

COUNTY TREASURER  
WHITE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 22, 2016, with Jill Guingrich, County Treasurer.

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COUNTY AIRPORT  
WHITE COUNTY

COUNTY AIRPORT  
WHITE COUNTY  
FEDERAL FINDING

***FINDING 2015-002 - SPECIAL TESTS AND PROVISIONS - WAGE RATE REQUIREMENTS***

Federal Agency: Department of Transportation  
Federal Program: Airport Improvement Program  
CFDA Number: 20.106  
Federal Award Number and Year (or Other Identifying Number): AIP 3-18-0057-1514  
Pass-Through Entity: Direct Grant

*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 Special Tests and Provisions - Wage Rate Requirements.

The County did not have a control in place to ensure compliance with the Special Tests and Provisions - Wage Rate Requirements. The County hired an Engineer to oversee compliance with the Special Tests and Provisions - Wage Rate Requirements; however, they did not design or implement procedures to ensure that the Engineer adequately verified compliance.

*Context*

This related only to this program during the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards 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 AIRPORT  
WHITE COUNTY  
FEDERAL FINDING  
(Continued)

*Cause*

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

*Effect*

The failure to establish an effective internal control system placed the County at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could also have allowed noncompliance with the compliance requirement and could have 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's management establish controls, including segregation of duties, related to the grant agreement and the Special Tests and Provisions - Wage Rate Requirements.

*Views of Responsible Officials*

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



**Gayle E. Rogers**  
**White County Auditor**  
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**CORRECTIVE ACTION PLAN**

**FINDING 2015 - 001**

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Contact Phone Number: 574/583-1515

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Anticipated Completion Date: Internal Control, immediate; Grant training, December 31, 2016

**FINDING 2015-002**

Contact Person Responsible for Corrective Action: Gayle Rogers, White County Auditor  
Contact Phone Number: 574/583-1515

Views of Responsible Official: I concur with the findings of the State

Description of Corrective Action Plan: The Auditor will work with the Airport personnel to ensure internal control wage requirements are met.

Gayle E Rogers  
(Signature)

AUDITOR  
(Title)

12/12/16  
(Date)

COUNTY AIRPORT  
WHITE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 22, 2016, with Emil Radtke, Treasurer, and Phillip Gutwein, President of the Board of Aviation.