

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF  
BOONE COUNTY, INDIANA  
January 1, 2015 to December 31, 2015



**FILED**  
02/02/2017



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## SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Deanna Willhoite Carla Newcomer Heather Myers	01-01-13 to 04-30-16 05-01-16 to 09-04-16 09-05-16 to 12-31-20
County Treasurer	Deborah Ottinger	01-01-13 to 12-31-20
Clerk of the Circuit Court	Jessica Fouts	01-01-15 to 12-31-18
County Sheriff	Mike Nielsen	01-01-15 to 12-31-18
County Recorder	Nikki Baldwin	01-01-13 to 12-31-20
President of the Board of County Commissioners	Marc Applegate Jeff Wolfe	01-01-15 to 12-31-15 01-01-16 to 12-31-16
President of the County Council	Steve Jacob	01-01-15 to 12-31-16



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
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TO: THE OFFICIALS OF BOONE COUNTY, INDIANA

This report is supplemental to our audit report of Boone 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 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.

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

December 28, 2016

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COUNTY AUDITOR  
BOONE COUNTY

COUNTY AUDITOR  
BOONE COUNTY  
FEDERAL FINDINGS

**FINDING 2015-001 - FINANCIAL REPORTING**

*Condition*

There were deficiencies in the internal control system related to financial reporting procedures that constituted material weaknesses. The County Auditor had not implemented effective internal controls over the activities related to financial statement reporting. The County Auditor prepared and submitted the Annual Financial Report (AFR) which was used to generate the financial statement. There were no controls to verify the accuracy of the AFR prior to submission.

The financial statement presented for audit included the following material errors:

1. The Clerk's Trust Account was not included in the AFR and this error resulted in material understatements of the financial statement as follows: receipts \$4,758,866 and disbursements \$4,739,227.
2. Six other funds (Clerks Trust Acct State Funds, ISETS, Clerk Court Ordered Int Bearing, Sheriff Commissary Fund, Sheriff Inmate Trust, and Treasurer) were also not included in the AFR and this resulted in a combined material understatement of the financial statement as follows: receipts \$4,113,216 and disbursements \$4,203,599.

Audit adjustments were proposed, accepted by the County, and made to the financial statement.

*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)

*Cause*

The County had not established a system of internal controls to ensure that the financial activity from the supplemental county departments was reported properly.

*Effect*

Without a proper system of internal control in place that operated effectively, material misstatements of the financial statement remained undetected. The financial statement 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.



COUNTY AUDITOR  
BOONE COUNTY  
FEDERAL FINDINGS  
(Continued)

**FINDING 2015-002 - 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). One person was solely responsible for preparing and submitting the SEFA without oversight, review, or approval. The SEFA presented for audit contained the following material errors:

1. Child Support Enforcement expenditures were understated \$132,469.
2. Formula Grants for Rural Areas expenditures were overstated \$78,561.
3. Formula Grants for Rural Areas was reported without the amounts disbursed to Subrecipient of \$186,328.

Other errors included the following:

1. One grant was reported with an incorrect Federal Agency.
2. Seven grants were reported with either an incorrect Program Title or an incorrect CFDA number.
3. Three grants were reported with incorrect Project Titles.
4. Twelve grants were reported with either an incorrect Pass-Through identifying number or no Pass-Through identifying number.
5. One Direct grant was reported as a Pass-Through grant, and one grant was reported with an incorrect Pass-Through entity.

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. . . ."

COUNTY AUDITOR  
BOONE COUNTY  
FEDERAL FINDINGS  
(Continued)

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:

- (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. The SEFA was prepared by staff at the County Auditor's office without oversight, review, or approval. The grant files and records, either maintained by the County Auditor's office, or forwarded to the County Auditor's office from the departments, were not complete and accurate. The lack of complete and accurate records combined with the lack of adequate internal controls contributed to the inaccurate reporting of the SEFA.

COUNTY AUDITOR  
BOONE COUNTY  
FEDERAL FINDINGS  
(Continued)

*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.

**Office of the Auditor  
Boone County  
201 Courthouse Square  
Lebanon, IN 46052**

**Heather R. Myers  
Auditor**

(765) 482-2940  
Fax: (765) 483-4434

**CORRECTIVE ACTION PLAN**

**FINDING 2015-001, 002** (Auditor Assigned Reference Number)  
Contact Person Responsible for Corrective Action: Heather R. Myers  
Contact Phone Number: 765-482-2940

Views of Responsible Official: We concur with the findings.

**Description of Corrective Action Plan:**

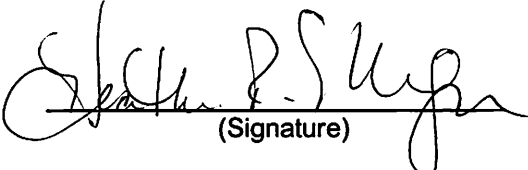
**2015-001**

The Auditor's office will implement better checks and balances when preparing the AFR prior to submission to insure accuracy and safeguard against any omissions.

**2015-002**

That the Auditor's office will set better internal controls to implement checks and balances when preparing and submitting the SEFA, to ensure more safeguarding with reliability, more efficiency of operations in receipting, disbursing and recording all grants and Child Support Enforcement.

Anticipated Completion Date: 12/28/2016

  
(Signature)

\_\_\_\_\_  
Auditor  
(Title)

\_\_\_\_\_  
12/28/2016  
(Date)

COUNTY AUDITOR  
BOONE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 28, 2016, with Heather Myers, County Auditor; Jeff Wolfe, President of the Board of County Commissioners; Marcia C. Wilhoite, Vice President of the County Council; Robert V. Clutter, County Attorney; Teresa K. Price, Deputy County Auditor; and Crystal Raub, Deputy County Auditor.

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COUNTY HIGHWAY DEPARTMENT  
BOONE COUNTY

COUNTY HIGHWAY DEPARTMENT  
BOONE COUNTY  
FEDERAL FINDING

***FINDING 2015-003 - CASH MANAGEMENT AND MATCHING***

Federal Agency: Department of Transportation

Federal Program: Highway Planning and Construction

CFDA Number: 20.205

Federal Award Numbers and Years (or Other Identifying Numbers): 810022, 1005333, 1382012,  
1383408, 9982510

Pass-Through Entity: Indiana Department of Transportation

*Condition*

An effective internal control system was not in place at the Boone County Highway Department (Department) in order to ensure compliance with requirements related to the grant agreement and the Cash Management and Matching compliance requirements.

Claims for reimbursement, known as LPA Invoice-Vouchers (claims), did not display consistent evidence of review and approval in regard to the Cash Management and Matching requirements prior to submission.

*Context*

The Department experienced turnover in personnel during the first half of the audit period. We reviewed eight claims submitted for reimbursement during the audit period; four of the eight claims did not display evidence of review or approval, each occurring during the indicated period of turnover. Claims submitted during the second half of the audit period, however, displayed evidence of review and approval, which indicated the lack of controls, was isolated to the period of employee turnover.

*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 HIGHWAY DEPARTMENT  
BOONE 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 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's management establish controls, including segregation of duties, related to the grant agreement and the Cash Management and Matching compliance requirements.

*Views of Responsible Officials*

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

## CORRECTIVE ACTION PLAN


### ***FINDING 2015-003***

Contact Person Responsible for Corrective Action: Craig M. Parks  
Contact Phone Number: 765.482.4550

Views of Responsible Official: We concur with the findings regarding the Highway Department's lack of an effective internal control system in regards to Cash Management for matching Federal Funds.

Description of Corrective Action Plan: The Highway Department experienced turnover in personnel during the year which the internal audit was conducted for. This turnover included key personnel in the preparation and approval of LPA Invoice Claim Vouchers. In the first year being audited, vouchers were prepared incorrectly and not reviewed for accuracy. The new management at the Highway Department has already established controls, including segregation of duties for the development of LPA Invoice Claim Vouchers.

Anticipated Completion Date: Completed

  
(Signature)

County Engineer  
(Title)

12-27-2016  
(Date)

COUNTY HIGHWAY DEPARTMENT  
BOONE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 27, 2016, with Craig Parks, Highway Director, and Lori Rapp, Office Manager. A separate exit was held on December 28, 2016, with Heather Myers, County Auditor; Jeff Wolfe, President of the Board of County Commissioners; Marcia C. Wilhoite, Vice President of the County Council; Robert V. Clutter, County Attorney; Teresa K. Price, Deputy County Auditor; and Crystal Raub, Deputy County Auditor.

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COUNTY PROSECUTOR  
BOONE COUNTY

COUNTY PROSECUTOR  
BOONE COUNTY  
FEDERAL FINDING

***FINDING 2015-004 - 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 2014-003.

*Condition*

An effective internal control system was not in place at the Boone County Court (Court) or the Boone County Prosecutor's (Prosecutor) offices in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

The Court and Prosecutor's offices did not have a proper system of internal controls in place related to assigning payroll costs to the Child Support Enforcement (IV-D) grant.

*Context*

There was a lack of controls for the entire audit period which affected all allowable costs related to payroll allocations.

*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 PROSECUTOR  
BOONE COUNTY  
FEDERAL FINDING  
(Continued)

*Cause*

Management had not developed a system of internal controls for the time and effort portion of Allowable Costs/Cost Principles requirements for the Court or Prosecutor offices.

*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 have also allowed noncompliance with the compliance requirement 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 Court and Prosecutor's offices establish controls, including segregation of duties, related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Views of Responsible Officials*

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



220 West Washington Street  
Lebanon, Indiana 46052  
Telephone: (765) 482-6860  
Facsimile: (765) 483-4491

Child Support  
Telephone: (765) 483-4485  
Facsimile: (765) 485-2603

Traffic Division  
Telephone: (765) 483-5705

E-mail: [bcpo@co.boone.in.us](mailto:bcpo@co.boone.in.us)  
[www.boonecounty.in.gov/prosecutor](http://www.boonecounty.in.gov/prosecutor)

OFFICE OF THE PROSECUTING ATTORNEY  
20<sup>TH</sup> JUDICIAL CIRCUIT  
BOONE COUNTY, INDIANA

TODD J. MEYER, PROSECUTOR

DEPUTY PROSECUTORS  
Kent T. Eastwood, Chief Deputy  
Heidi S. Jennings, Trial Deputy  
Craig A. Olsinski, Trial Deputy  
Erica J. Dobbs, Trial Deputy  
Rachel M. Kruse, Trial Deputy  
Rebecca S. McClure, Trial Deputy  
Jody E. Donaldson, Trial Deputy  
Richard B. Porter, Traffic Deputy  
Lori N. Schein, Administrative Deputy  
Jennifer S. Stogsdill, Child Support

INVESTIGATOR  
Maurice Hobson, Investigator

RE: CORRECTIVE ACTION PLAN

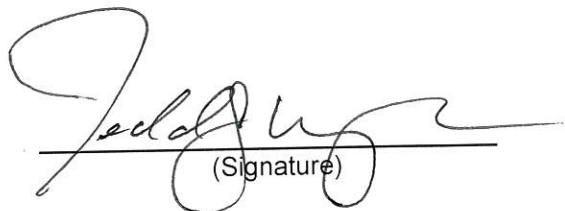
**FINDING 2015-004** (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Todd Meyer  
Contact Phone Number: 765-482-6860

Views of Responsible Official: Years ago, this office conducted a sampling survey of time spent by non-child support staff and attorneys working criminal child support cases. Based on that survey the office allocated a certain portion of that employee's time to child support cases for purposes of routinely submitting this time allocation as a part of this office's monthly reimbursement claim form. This office believed then, and believes now that this practice was standard and acceptable.

Description of Corrective Action Plan: To the extent this office can no longer follow the practice of using time allocations based on the sampling survey for purposes of submitting its monthly reimbursement claim for employees who allocate less than 100% of their time to child support related matters, then this office will discontinue that practice and will only submit reimbursement claims for the employees of the office who devote 100% of their time to child support related matters.

Anticipated Completion Date: Immediate

  
(Signature)

Prosecutor  
(Title)

12-20-16  
(Date)



COUNTY PROSECUTOR  
BOONE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 22, 2016, with Todd J. Myer, County Prosecutor, and Lori N. Schein, Chief Administrative Deputy Prosecutor. A separate exit was held on December 28, 2016, with Heather Myers, County Auditor; Jeff Wolfe, President of the Board of County Commissioners; Marcia C. Wilhoite, Vice President of the County Council; Robert V. Clutter, County Attorney; Teresa K. Price, Deputy County Auditor; and Crystal Raub, Deputy County Auditor.

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CLERK OF THE CIRCUIT COURT  
BOONE COUNTY

CLERK OF THE CIRCUIT COURT  
BOONE COUNTY  
FEDERAL FINDING

***FINDING 2015-004 - 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 2014-003.

*Condition*

An effective internal control system was not in place at the Boone County Court (Court) or the Boone County Prosecutor's (Prosecutor) offices in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

The Court and Prosecutor's offices did not have a proper system of internal controls in place related to assigning payroll costs to the Child Support Enforcement (IV-D) grant.

*Context*

There was a lack of controls for the entire audit period which affected all allowable costs related to payroll allocations.

*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). . . ."

CLERK OF THE CIRCUIT COURT  
BOONE COUNTY  
FEDERAL FINDING  
(Continued)

*Cause*

Management had not developed a system of internal controls for the time and effort portion of Allowable Costs/Cost Principles requirements for the Court or Prosecutor offices.

*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 have also allowed noncompliance with the compliance requirement 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 Court and Prosecutor's offices establish controls, including segregation of duties, related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Views of Responsible Officials*

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



# Circuit Court of Boone County

J. Jeffrey Edens  
*Judge*

Sally E. Berish  
*Magistrate*

## CORRECTIVE ACTION PLAN BOONE CIRCUIT COURT

### **FINDING 2015-004** (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: J. Jeffrey Edens/Sally E. Berish  
Contact Phone Number: 765-482-0530

We concur with findings.

### Description of Corrective Action Plan:

Boone Circuit IV-D Court will reduce the number of staff members who process IV-D pleadings and enter IV-D Orders following hearings from all staff members to two designated staff members.

Boone Circuit IV-D Court will implement the use of a daily time log to track the actual time devoted to IV-D work by the designated staff members and the IV-D judicial officer (Magistrate Sally Berish).

### Anticipated Completion Date:

Both changes will be effective January 1, 2017

  
\_\_\_\_\_  
J. Jeffrey Edens  
Judge, Boone Circuit Court

Dated: December 20, 2016

CLERK OF THE CIRCUIT COURT  
BOONE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 29, 2016, with J. Jeffrey Edens, Judge, and Sally E. Berish, Magistrate. A separate exit was held on December 28, 2016, with Heather Myers, County Auditor; Jeff Wolfe, President of the Board of County Commissioners; Marcia C. Wilhoite, Vice President of the County Council; Robert V. Clutter, County Attorney; Teresa K. Price, Deputy County Auditor; and Crystal Raub, Deputy County Auditor.