

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WELLS COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
02/21/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Beth J. Davis	01-01-11 to 12-31-18
County Treasurer	Shar S. Mechling Kathy J. Peeper	01-01-13 to 12-31-16 01-01-17 to 12-31-20
Clerk of the Circuit Court	Yvette K. Runkle	01-01-11 to 12-31-18
County Sheriff	Monte L. Fisher	01-01-11 to 12-31-18
County Recorder	Rina E. Stuck Carolyn C. Bertsch	01-01-13 to 12-31-16 01-01-17 to 12-31-20
President of the Board of County Commissioners	C. Scott Mossburg Blake C. Gerber	01-01-14 to 12-31-14 01-01-15 to 12-31-17
President of the County Council	James E. Van Winkle Todd J. Mahnensmith	01-01-14 to 12-31-15 01-01-16 to 12-31-17



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
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF WELLS COUNTY, INDIANA

This report is supplemental to our audit report of Wells 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 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/.

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

January 4, 2017

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COUNTY AUDITOR
WELLS COUNTY

COUNTY AUDITOR
WELLS COUNTY
FEDERAL FINDING

FINDING 2014-001 - SUBRECIPIENT MONITORING

Federal Agency: Department of Transportation

Federal Program: Formula Grants for Rural Areas

CFDA Number: 20.509

Federal Award Numbers and Years (or Other Identifying Numbers): A249-13-320334, A249-14-320440

Pass-Through Entity: Indiana Department of Transportation

Condition

Management of the County had not established an effective internal control system related to the grant agreement and the Subrecipient Monitoring compliance requirement. The following deficiency constituted a material weakness.

The County passed through Formula Grants for Rural Areas funds to a subrecipient, but did not monitor the activities of the subrecipient as necessary to ensure that federal awards were used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements.

Context

The County did not have adequate controls in place to comply with the Subrecipient Monitoring requirement of the Formula Grants for Rural Areas program.

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 AUDITOR
WELLS COUNTY
FEDERAL FINDING
(Continued)

Cause

Management had not developed an effective 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 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 programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County's management establish controls related to the grant agreement and the Subrecipient Monitoring compliance requirement.

Views of Responsible Officials

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



Beth Davis

Auditor of Wells County

*102 W. Market St. • Suite 205
Courthouse • Bluffton, Indiana 46714
Telephone (260) 824-6470*

CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action: Beth Davis

Contact Phone Number: 260-824-6474

Views of Responsible Official:

As county auditor it is important to have adequate internal controls in place and I have put a plan together to make sure all activities are monitored.

Description of Corrective Action Plan:

The Director of "Wells on Wheels" would always send the Federal Section 5311 grant application, grant agreement, and quarterly claims to the county attorney for review prior to presenting it to the Board of Commissioners for their approval and signatures. The Director will now be sending all documents relating to the Federal Section 5311 Grant to the County Attorney, Board of Commissioners, and the County Auditor to allow enough time for their review prior to bringing it to the Commissioners meeting for the signatures. The County Attorney, Board of Commissioners, and County Auditor will review all documents prior to approving or signing.

Anticipated Completion Date:

Corrected action to take place immediately.

Beth Davis
(Signature)

Auditor
(Title)

11-28-2016
(Date)

COUNTY AUDITOR
WELLS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 4, 2017, with Beth J. Davis, County Auditor; Blake C. Gerber, President of the Board of County Commissioners; and Todd J. Mahnensmith, President of the County Council.

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BOARD OF COUNTY COMMISSIONERS
WELLS COUNTY

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WELLS COUNTY
FEDERAL FINDING

FINDING 2014-001 - SUBRECIPIENT MONITORING

Federal Agency: Department of Transportation

Federal Program: Formula Grants for Rural Areas

CFDA Number: 20.509

Federal Award Numbers and Years (or Other Identifying Numbers): A249-13-320334, A249-14-320440

Pass-Through Entity: Indiana Department of Transportation

Condition

Management of the County had not established an effective internal control system related to the grant agreement and the Subrecipient Monitoring compliance requirement. The following deficiency constituted a material weakness.

The County passed through Formula Grants for Rural Areas funds to a subrecipient, but did not monitor the activities of the subrecipient as necessary to ensure that federal awards were used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements.

Context

The County did not have adequate controls in place to comply with the Subrecipient Monitoring requirement of the Formula Grants for Rural Areas program.

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. . . ."

BOARD OF COUNTY COMMISSIONERS
WELLS COUNTY
FEDERAL FINDING
(Continued)

Cause

Management had not developed an effective 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 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 programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County's management establish controls related to the grant agreement and the Subrecipient Monitoring compliance requirement.

Views of Responsible Officials

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



BOARD OF COMMISSIONERS

WELLS COUNTY, INDIANA
102 W. Market, Suite 205
BLUFFTON, INDIANA 46714
Telephone (260) 824-6470

CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action: Board of Commissioners

Contact Phone Number: 260-824-6470

Views of Responsible Official:

As Wells County Board of Commissioners it is important to have adequate internal controls in place and we have put a plan together in conjunction with the County Auditor to make sure all activities are monitored.


Description of Corrective Action Plan:

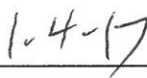
The Director of "Wells on Wheels" would always send the Federal Section 5311 grant application, grant agreement, and quarterly claims to the county attorney for review prior to presenting it to the Board of Commissioners for their approval and signatures. The Director will now be sending all documents relating to the Federal Section 5311 Grant to the County Attorney, Board of Commissioners, and the County Auditor to allow enough time for their review prior to bringing it to the Commissioners meeting for the signatures. The County Attorney, Board of Commissioners, and County Auditor will review all documents prior to approving or signing.

Anticipated Completion Date:

Corrected action to take place immediately.


(Signature)


(Title)


(Date)

BOARD OF COUNTY COMMISSIONERS
WELLS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 4, 2017, with Beth J. Davis, County Auditor; Blake C. Gerber, President of the Board of County Commissioners; and Todd J. Mahnensmith, President of the County Council.