

Findings & Corrective Action Plans



2020 Spring
County Auditor

Findings

➤ Types of Reportable Findings within Audit Reports

- **Section II** – Findings related to the financial statements
- **Section III** – Findings related to a major program
- **Audit Results and Comments** – Significant Noncompliance with statute or an SBOA uniform compliance guideline

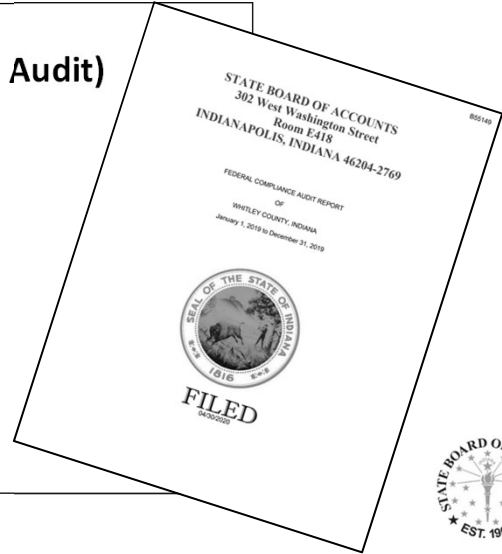


Federal Audit

➤ Federal Compliance Audit Report (Single Audit)

- Included in the Report:

- ❖ Findings
 1. Section II
 2. Section III
- ❖ Corrective Action Plans
 1. Section II
 2. Section III



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Corrective Action Plans For Federal Audits

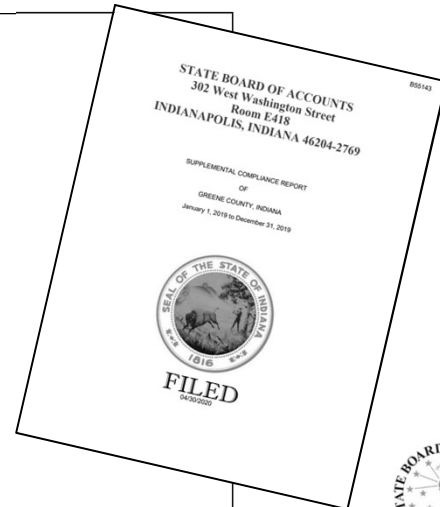
- Every Section II or Section III finding must have a corrective action plan to include in the Federal Compliance Audit Report
- These corrective action plans will be completed prior to the Exit of a Federal Audit.
- Corrective Action Plans for Section II and Section III findings are not submitted through the SBOA website.



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Financial Audits

- **Supplemental Compliance Report:**
 - **This report contains the Audit Results and Comments found and should be read in conjunction with the Financial Audit Report, which could be Federal or Non-Federal.**
 - **Included in the Report:**
 - ❖ **Audit Results and Comments**
 - ❖ **Official Response (optional)**



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Corrective Action Plans For Financial Audits

- **Only Repeat Comments require a Corrective Action Plan.**
- **Repeat Comments are Audit Results and Comments that have appeared in the prior report as well as the current.**
- **Corrective Action Plans for Repeat Comments are submitted through the SBOA website.**
- **Audit Results and Comments that require a Corrective Action Plan will be outlined on the Form 4 at Exit.**



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Submitting Repeat Comments

CORRECTIVE ACTION PLAN FOR

<i>Report period:</i>	
<i>Title of result and comment:</i>	
<i>Contact person Responsible for Corrective Action:</i>	
<i>Contact's Phone Number:</i>	
<i>Contact's Email Address:</i>	
<i>Views of Responsible Official:</i>	
<i>Description of Corrective Action Plan:</i>	
<i>Anticipated Completion Date:</i>	
<i>If applicable: Document reason issue will NOT be corrected within 6 months:</i>	

➤ <https://www.in.gov/sboa/5207.htm>

- Includes:
 - ❖ Instructions
 - ❖ CAP Template
 - ❖ 1031 Guidelines



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Common Repeat Findings



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Annual Financial Report

Financial Transactions and Reporting

The County did not have a proper system of internal controls in place over financial transactions and reporting to prevent, or detect and correct, errors. Due to the lack of controls over the input of financial information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the Annual Financial Report (AFR) and the financial statement, material errors remained undetected.

Departmental financial activity (Sheriff, Clerk, After Settlement Collections, etc.) were not reported, resulting in an understatement of beginning cash balance, receipts, disbursements, and ending cash



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Annual Financial Report

Financial Transactions and Reporting

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Funds being omitted from the AFR or incorrectly stated on the AFR, resulting in an under/overstatement of beginning cash balance, receipts, disbursements, and ending cash balance.



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Condition of Records

Drainage Funds

Financial records of the Drainage Maintenance funds were incomplete for 2018. Subsidiary ledgers did not agree to the control account for Drainage Maintenance, resulting in an understatement of \$187,668. The subsidiary ledger has not agreed with the control account since 2013. This was due to the County not properly recording all receipts to and disbursements from the individual drain subsidiary accounts. In 2017, the County created the "Unaccounted Drain Maintenance" drain subsidiary account with a balance of \$187,668 in place of reconciling the individual subsidiaries.



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Condition of Records

Tax Sale Surplus

The detailed supporting documentation presented for audit for the activity of the Tax Sale Surplus fund was not in agreement with the cash balance reported for the fund on the financial statement. The lack of reconciliation resulted in a variance of \$10,755 at December 31, 2018, wherein the cash balance of the supporting documentation exceeded the financial statement cash balance.



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Fund Sources and Uses

Local Income Tax

All Counties were required to adjust their funds to account for Local Income Tax (LIT) by the end of 2017.

COIT County Distributive Shares fund (Fund 1121) was required to be transferred to the General fund, but the County incorrectly transferred the \$129,832 balance to the LIT Property Tax Relief fund (Fund 6203). CEDIT - Special Legislation fund (Fund 1113) was required to be transferred to the LIT Special Purpose fund (Fund 1114), but the County incorrectly transferred the \$78,859 balance to the LIT Property Tax Relief fund (Fund 6203).



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Accounts Payable

Voucher Deficiencies

The County Auditor's office submitted an Accounts Payable by Fund for Due Date Report to the Board of County Commissioners' office prior to issuing checks for payment of accounts payable vouchers. Once the report had County Commissioner's signatures, the County Auditor's office processed and posted the accounts payable vouchers and issued the checks. However, the accounts payable vouchers listed on the report were not presented for approval by the Board of County Commissioners at the next meeting, nor were they included in the official Accounts Payable Voucher Register or docket as required by statute.



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Internal Controls

Annual Financial Report

The County Auditor's office had not separated incompatible activities related to financial close and reporting. One individual prepared and submitted the financial information into the Indiana Gateway for Government Units financial reporting system, which was the source of the Annual Financial Report and financial statements. There were no controls in place, such as an oversight, review, or approval process, to verify the accuracy of the financial information prior to submission.



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Internal Controls

Certification of Internal Control Standards

The County failed to provide and document training to personnel over the internal control standards adopted, as required by Indiana Code 5-11-1-27(g). Personnel includes all Board of County Commissioners members, County Auditor, County Treasurer, etc. The County certified on Indiana's Gateway for Government Units financial reporting system on April 23, 2019, for both 2017 and 2018, that they had provided employees with internal control training.



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Prescribed Forms

Approval for an Alternative

The County did not use the prescribed form 127-CE, Certificate of Error, nor have they requested approval for an alternative form in lieu of the prescribed form. The Indiana State Board of Accounts was responsible for prescribing and approving accounting forms and records for all governmental units.



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Resources

UNIFORM INTERNAL CONTROL STANDARDS
FOR INDIANA POLITICAL SUBDIVISIONS



Paul D. Joyce, CPA
State Examiner

September 2015

- **Internal Control Manual:**
<https://www.in.gov/sboa/files/UniformInternalControlStandards.pdf>

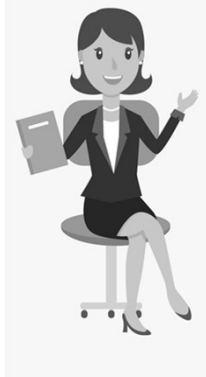


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Resources

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Questions?



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