

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

ADAMS COUNTY, INDIANA

January 1, 2021 to December 31, 2021



FILED

07/27/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Tony L. Mellencamp	01-01-21 to 12-31-23
County Treasurer	Edgar B. Dyer	01-01-21 to 12-31-23
Clerk of the Circuit Court	James J. Voglewede Shelly M. Brite	01-01-21 to 12-31-21 01-01-22 to 12-31-23
County Sheriff	Daniel L. Mawhorr	01-01-21 to 12-31-23
County Recorder	Thomas R. Krueckeberg	01-01-21 to 12-31-23
County Home Administrator	Duane Blakenship (Vacant) Vivyan Lloyd (Vacant)	01-01-21 to 04-28-23 04-29-23 to 05-26-23 05-27-23 to 06-16-23 06-17-23 to 07-17-23
President of the Board of County Commissioners	Rex Moore Stan Stoppenhagen	01-01-21 to 12-31-21 01-01-22 to 12-31-23
President of the County Council	Yvette Weiland Dennis Bluhm	01-01-21 to 12-31-21 01-01-22 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF ADAMS COUNTY, INDIANA

This report is supplemental to the audit report of Adams County (County), for the period from January 1, 2021 to December 31, 2021. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the County. It should be read in conjunction with our Financial Statement Audit Report of the County, which provides our opinions on the County's financial statement. This report may be found at www.in.gov/sboa/.

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 Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

July 17, 2023

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COUNTY HOME
ADAMS COUNTY

COUNTY HOME
ADAMS COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

Condition and Context

Internal controls, including segregation of duties, were not implemented over the cash, receipts, and disbursements of the financial transactions of the County Home. The failure to establish these internal controls could have enabled material misstatements or irregularities to occur and remain undetected.

Cash

Bank reconciliations of the County Home Residents Ledger were performed; however, they were not reviewed by someone other than the preparer.

Receipts

Receipts were not issued for collections at the County Home. Deposits were not verified by someone other than the initial preparer. Receipt postings tested could not be verified for depositing intact because there were no prescribed forms used, such as a receipt, to assist in verifying the deposit makeup.

Disbursements

Disbursements were not approved by someone other than the initial preparer.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY HOME
ADAMS COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

PUBLIC RECORDS RETENTION

Condition and Context

Records requested for audit, such as receipts, deposit slips, and bank statements, were not all presented. The supporting documentation for receipt and disbursement postings was also not presented. This would typically include documents such as "Resident Account Deposit" reports, canceled check images, petty cash logs, and duplicate receipts prepared when a resident is delivered funds for Residents' Trust.

Criteria

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

SUPPORTING DOCUMENTATION

Condition and Context

The County Home purchased several gift cards for awards/incentives to be used for residents upon reaching certain goals. The gift cards were not safeguarded and had no supporting documentation that would indicate the award/incentive purchased, event description, award/incentive given with signature of recipient, and date given.

Criteria

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

ADAMS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 17, 2023, with Stan Stopphagen, President of the Board County Commissioners; Steve L. Bailey, County Commissioner; Dennis Bluhm, President of the County Council; Cory Sprunger, County Council member; Bob Rhoades, County Council member; Tony L. Mellencamp, County Auditor; Brianna Lee, Deputy County Auditor; and Shannon Greene, Human Resource Director.