

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

MIAMI COUNTY, INDIANA

January 1, 2022 to December 31, 2022



**FILED**  
07/27/2023



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Mary Brown	01-01-22 to 12-31-23
County Treasurer	Annette Phillippo	01-01-22 to 12-31-23
Clerk of the Circuit Court	Sherry Raber	01-01-22 to 12-31-23
County Sheriff	Timothy S. Hunter	01-01-22 to 12-31-23
County Recorder	Paul Wilson	01-01-22 to 12-31-23
President of the Board of County Commissioners	Alan R. Hunt	01-01-22 to 12-31-23
President of the County Council	Ralph Duckwall Sandy Chittum	01-01-22 to 12-31-22 01-01-23 to 12-31-23



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MIAMI COUNTY, INDIANA

This report is supplemental to the audit report of Miami County (County), for the period from January 1, 2022 to December 31, 2022. 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 the 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/](http://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 13, 2023

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COUNTY AUDITOR  
MIAMI COUNTY

COUNTY AUDITOR  
MIAMI COUNTY  
AUDIT RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT - OTHER INFORMATION**

A similar comment appeared in prior Report B59786, entitled *SUPPLEMENTAL SCHEDULES IN ANNUAL FINANCIAL REPORT*.

*Condition and Context*

Financial, supplemental, and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The County had not established effective internal controls over the AFR information entered into Gateway, which resulted in the following errors:

*Grants*

1. The Public Health Emergency Preparedness grant expenditures were overstated by \$225,645.
2. Additional grants had individually immaterial errors in the amount reported for federal awards expended that totaled \$189,238.
3. Additional grants had individually immaterial errors in the amounts reported for pass-through to subrecipients that aggregated to the total of \$59,546.
4. Other errors included incorrect program names, pass-through entities, Assistance Listings Numbers, and identifying numbers.

Audit adjustments were proposed, accepted by the County, and made to the Grant Schedule in the Annual Financial Report.

*Accounts Payables and Receivables*

The AFR did not contain any amount for account payables or account receivables at December 31, 2022. The County did not maintain adequate records to readily determine the amount of payables and receivables that should have been reported.

*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:

COUNTY AUDITOR  
MIAMI COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

"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. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

## **CAPITAL ASSETS**

The same comment appeared in the immediately prior Report B59786.

### *Condition and Context*

The County maintained a capital asset inventory listing; however, it was not updated and maintained accurately. Of the ten capital assets randomly selected for testing, one item (a computer server) was erroneously included on the capital asset inventory listing. The computer server was disposed of prior to the audit period, but was not removed from the capital asset inventory listing.

### *Criteria*

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY AUDITOR  
MIAMI COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 13, 2023, with Mary Brown, County Auditor; Alan R. Hunt, President of the Board of County Commissioners; and Sandy Chittum, President of the County Council.

CLERK OF THE CIRCUIT COURT  
MIAMI COUNTY

CLERK OF THE CIRCUIT COURT  
MIAMI COUNTY  
AUDIT RESULTS AND COMMENTS

**BANK ACCOUNT RECONCILIATIONS**

A similar comment appeared in the prior Reports B57198 and B59786.

*Condition and Context*

The Clerk of the Circuit Court (Clerk) completed a bank reconciliation for the Clerk Trust and the Clerk ISETS funds at December 31, 2022. The Deputy Clerk reviewed the completed bank reconciliation. However, the review was not effective at preventing, or detecting and correcting, errors on the reconciliation.

The December 31, 2022 bank reconciliation included miscellaneous reconciling items with a net total of \$30,498, some dating back to March 2019. A detailed list of the "Misc. Reconciling Items" showed the date and amount of the individual entries, which consisted of the following:

- unrecorded interest,
- daily collections incorrectly recorded to the ISETS accounts and later transferred to the Trust fund,
- eFile and ePay deposits automatically recorded to the Odyssey court software system that were not deposited in the bank,
- adjustments recorded as "Bank Account Discrepancy Fee,"
- other trivial adjustments.

Of the entries noted above, we were able to verify \$1,807 of unrecorded interest, but were unable to verify the remaining items.

In addition, there was unrecorded bank interest in the amount of \$1,891 from November 2022, which was incorrectly included in the reconciliation as a deposit in transit, and a Certificate of Deposit (CD), which was not updated when it renewed, thus the amount of the CD on the reconciliation was understated by \$94.

*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. . . .

CLERK OF THE CIRCUIT COURT  
MIAMI COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

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. . . ."

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 must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 1)

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 1)

### **SUPPLEMENTAL COUNTY ANNUAL REPORT**

The same comment appeared in the prior Report B59786.

#### *Condition and Context*

The Supplemental County Annual Report (CAR-1) submitted to the County Auditor by the Clerk of the Circuit Court (Clerk) did not accurately reflect all disbursements and cash balances for the Clerk's funds. The CAR-1 reported the Pre Odyssey Trust fund with an ending cash and investments balance of \$23,456; but this amount was disbursed to the Clerk Trust fund in October 2022. The disbursement in the amount of \$23,456 was not included in the CAR-1 for the Pre Odyssey Trust fund, which led to the CAR-1 not including all of the disbursements for the audit period and an incorrect ending cash and investments balance for the Pre Odyssey Trust fund.

#### *Criteria*

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)

CLERK OF THE CIRCUIT COURT  
MIAMI COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 13, 2023, with Mary Brown, County Auditor; Sherry Raber, Clerk of the Circuit Court; Alan R. Hunt, President of the Board of County Commissioners; and Sandy Chittum, President of the County Council.

COUNTY SHERIFF  
MIAMI COUNTY

COUNTY SHERIFF  
MIAMI COUNTY  
AUDIT RESULTS AND COMMENTS

**STALE DATED OUTSTANDING CHECKS (WARRANTS)**

This same comment appeared in a Management Letter addressed to the County Sheriff for the year ending December 31, 2021.

*Condition and Context*

The Sheriff's Inmate Trust bank reconciliation at December 31, 2022, contained 393 staled-dated checks totaling \$1,801. These checks should have been removed from the outstanding check list and the amounts receipted back into the Trust ledger.

*Criteria*

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void. . . ."

Indiana Code 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the:

- (1) board of finance of the political subdivision; or
- (2) fiscal body of a city or town.

The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5 states in part:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

COUNTY SHERIFF  
MIAMI COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision. . . ."

**SUPPLEMENTAL COUNTY ANNUAL REPORT**

This same comment appeared in a Management Letter addressed to the County Sheriff for the year ending December 31, 2021.

*Condition and Context*

The Supplemental County Annual Report (CAR-1) for the County Sheriff's office reported the Inmate Trust fund's beginning cash and investments balance, receipts, disbursements, and ending cash and investments balance incorrectly. The beginning balance was reported as \$40,864 instead of \$70,346. The receipts amount was reported as \$329,112 instead of \$340,689. The disbursements amount was reported as \$299,630 instead of \$388,953. Lastly, the ending balance was reported as \$70,346 instead of \$22,082.

*Criteria*

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

COUNTY SHERIFF  
MIAMI COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 13, 2023, with Mary Brown, County Auditor; Sherry Raber, Clerk of the Circuit Court; Timothy S. Hunter, County Sheriff; Alan R. Hunt, President of the Board of County Commissioners; Sandy Chittum, President of the County Council; and Kim Brown, County Sheriff Department Matron.