

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

FLOYD COUNTY, INDIANA

January 1, 2022 to December 31, 2022



FILED
08/29/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Jacqueline Wenning Diana M. Topping	01-01-22 to 12-31-22 01-01-23 to 12-31-23
County Treasurer	Steve Burks	01-01-22 to 12-31-23
Clerk of the Circuit Court	Danita Burks	01-01-22 to 12-31-23
County Sheriff	Frank Loop Steve Bush	01-01-22 to 12-31-22 01-01-23 to 12-31-23
County Recorder	Lois N. Endris	01-01-22 to 12-31-23
President of the Board of County Commissioners	Shawn Carruthers Tim Kamer Dr. Al Knable	01-01-22 to 12-31-22 01-01-23 to 04-30-23 05-01-23 to 12-31-23
President of the County Council	Dale Bagshaw Denise Konkle	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 FLOYD COUNTY, INDIANA

This report is supplemental to the audit report of Floyd 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/.

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 18, 2023

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COUNTY AUDITOR
FLOYD COUNTY

COUNTY AUDITOR
FLOYD COUNTY
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

A similar comment also appeared in prior Reports B55625, B58853, and B59679, entitled *INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING*.

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. Although the County hired a consultant to assist with information entered in Gateway, and the County Auditor reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

Due to ineffective internal controls, the AFR and financial statement presented for audit contained the following errors:

Financial Data

The financial information entered into Gateway was inaccurate and not reflective of the financial activity of the County's underlying financial records. The following errors were identified:

1. Two funds were not reported, resulting in the understatement of financial activity. The beginning cash and investments balance was understated by \$61,818, receipts were understated by \$37,123, and the ending cash and investments balance was understated by \$98,941.
2. Errors were identified with eight other funds, resulting in the understatement of receipts by \$502,655, disbursements by \$102,382, and ending cash and investments balance by \$400,273.
3. Supplemental financial activity for the county departments reported to the County Auditor by each department on the CAR-1 for inclusion in the AFR were omitted. As such, the beginning cash and investments balances, receipts, disbursements, and ending cash and investments balances of each of the following departments were not reported, which understated the balances of each fund as follows:
 - a. The Clerk of the Circuit Court's Odyssey fund beginning cash and investments balance by \$2,267,841, receipts by \$3,072,758, disbursements by \$3,183,246, and ending cash and investments balance by \$2,157,353.
 - b. The Clerk of the Circuit Court's ISETS-Child Support fund beginning cash and investments balance by \$23,869, receipts by \$349,099, disbursements by \$353,097, and ending cash and investments balance by \$19,871.
 - c. The County Sheriff's Tiger (Commissary Activity Report) fund beginning cash and investments balance by \$1,208,916, receipts by \$1,691,057, disbursements by \$2,000,688, and ending cash and investments balance by \$899,285.
 - d. The County Sheriff's Inmate Trust Balance Report fund beginning cash and investments balance by \$78,136, receipts by \$1,252,720, disbursements by \$1,248,641, and ending cash and investments balance by \$82,215.

COUNTY AUDITOR
FLOYD COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

- e. The Treasurer After Settlement Collection fund beginning cash and investments balance by \$3,283,327, receipts by \$2,887,562, disbursements by \$3,283,327, and ending cash and investments balance by \$2,887,562.
4. Four funds were reported with different fund names than the prior audit report due to incorrect coding when submitting the AFR.

Adjustments were proposed, accepted by the County, and made to the financial statement presented in the Financial Statement Audit Report.

Grants

The County failed to properly review the federal grant award information reported in the AFR. Although the County hired a consultant to assist with information entered in AFR, and the County Auditor reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

Due to the lack of internal controls, the information reported contained the following errors:

1. Five grant programs had individually immaterial errors that resulted in a misstatement of expenditures of \$370,445, in total.
2. Two grant programs totaling \$141,460 were omitted from the schedule.
3. One grant in the amount of \$48,483 was reported on the schedule twice under two different Assistance Listings Numbers.
4. One grant was listed under the wrong Assistance Listings Number.
5. The amount reported as passed through to subrecipients was overstated by \$92,747.
6. Several grants had the incorrect program name or pass-through entity or were not properly identified as direct grants.

Adjustments were proposed, accepted by the County, and made to the Schedule of Expenditures of Federal Awards in the Federal Compliance Audit Report.

Accounts Payable/Accounts Receivable

Although the County reported accounts payable in the AFR, information was not retained to support the amount reported. No information was reported for accounts receivable.

Capital Assets

Although the County reported capital assets in the AFR, the County was unable to provide documentation to support the amount reported. The County did not have a detailed capital asset listing to support the amount reported, and the asset record has not been maintained up to date. In not retaining a detailed listing of capital assets and performing a physical inventory comparing the asset listing to the asset on hand, it could not be verified if the capital asset schedule submitted with the AFR was materially accurate.

COUNTY AUDITOR
FLOYD COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Leases and Debt

The 2022 general obligations bonds and the 2022 redevelopment authority lease were omitted from the debt information in the AFR.

Adjustments were proposed, accepted by the County, and made to the Schedule of Leases and Debt in the Financial Statement Audit Report, which is presented as Other Information.

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. . . ."

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 AUDITOR RECORDS DO NOT RECONCILE WITH COUNTY TREASURER RECORDS

Condition and Context

A reconciliation of the Monthly Financial Statement by the County Auditor and County Treasurer was not being properly performed. A review of the records maintained by the County Auditor and County Treasurer identified differences each month during the audit period. At December 31, 2022, a variance of \$208,250 existed.

Criteria

At the close of each calendar month, a Monthly Financial Statement, County Form No. 61, shall be prepared, showing the financial transactions for the month and year to date for each fund and in total.

COUNTY AUDITOR
FLOYD COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

The County Treasurer is also required to independently prepare a Monthly Financial Statement on the same form, and the two statements must be reconciled. If any differences exist between the records of the auditor and the treasurer, they must be identified, and immediate steps taken to bring the records of the two offices into agreement.

The statements are prescribed to be placed in a post-binder and shall be carefully preserved as a permanent record. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 7)

CAPITAL ASSETS

The same comment appeared in prior Reports B55625, B58853, and B59679.

Condition and Context

A complete detailed listing of capital assets owned by the County was not provided for audit and the record has not been maintained up to date. The County has not conducted a periodic physical inventory of its assets. In not retaining a detailed listing of capital assets and performing a physical inventory comparing the asset listing to the asset on hand, it could not be verified if the capital asset schedule submitted with the Annual Financial Report was materially accurate.

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 County Auditors, Chapter 1)

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

A similar comment also appeared in the prior Reports B58853 and B59679, entitled *MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND*.

Condition and Context

Six out of ten disbursements tested from the MVH Restricted fund were made for activities not related to the construction, reconstruction, and preservation of the County's highways. These disbursements included payroll expenses related to work performed by employees of the Floyd County Highway Department.

Although the County provided daily work schedule documentation to support the payroll related expenses paid from this fund, the documentation indicated that work being performed included, but not limited to grass cutting, road patchwork, tree debris clean up, basin cleaning, and removal of garbage. These expenses are not costs associated with the construction, reconstruction, or preservation of the County's paved and unpaved roads, streets, bridges, and highways as required for expenditures from the MVH Restricted fund.

COUNTY AUDITOR
FLOYD COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

An adjustment of \$50,000 was made on December 28, 2022, to correct the MVH Restricted fund for the unallowed costs, but documentation provided was not sufficient to determine if it was accurate.

Criteria

Indiana Code 8-14-1-4(b) states: "For funds distributed to a county from the motor vehicle highway account, the county shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the county's highways."

COUNTY AUDITOR SALARY

Condition and Context

Jacqueline Wenning (Wenning), County Auditor, received compensation of \$2,250 on May 13, 2022, and on November 25, 2022, for attending the Board of County Commissioners' and the County Council's meetings. The amounts paid were not included on the salary ordinance adopted by the County Council.

The statute does not specifically allow a stipend or per diem for the County Auditor. Per statute, the County Auditor shall perform the duties of the clerk of the county executive and the county fiscal body.

The County Council retroactively approved the \$4,500 payment to the County Auditor, per the June 14, 2022 Board minutes.

Criteria

Indiana Code 36-2-5-13 states in part:

"(a) As used in this section, 'compensation' means the total of all money paid to, or on behalf of, an elected county officer for performing duties as an elected county officer, regardless of the source of funds from which the money is paid. The term includes all employee benefits paid to an elected county officer, including life insurance, health insurance, disability insurance, retirement benefits, and pension benefits. For purposes of determining an increase or decrease in compensation of an elected county officer, the term does not include any of the following:

- (1) Payment of an insurance premium.
- (2) Payments in recognition of:
 - (A) longevity;
 - (B) professional certifications; or
 - (C) educational advancements;that are separately identified on a salary ordinance or resolution.
- (3) Payment of a stipend or per diem allowed by statute.

COUNTY AUDITOR
FLOYD COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

(b) Compensation shall be established using an annual, monthly, or biweekly salary schedule. An elected county officer is not required to report hours worked and may not be compensated based on the number of hours worked.

(c) Except as provided in subsection (d), the compensation of an elected county officer may not be changed in the year for which it is fixed. . . ."

Indiana Code 36-2-2-11(a) states: "The county auditor shall attend all meetings of, and record in writing the official proceedings of, the executive."

Indiana Code 36-2-3-6(b) states in part:

"The county auditor is the clerk of the fiscal body and shall do the following:

- (1) Preserve the fiscal body's records in the county auditor's office.
- (2) Keep an accurate record of the fiscal body's proceedings. . . ."

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

Wenning was requested to reimburse the County for the salary overpayments in the amount of \$4,500.

OFFICIAL BOND

The following is information regarding official bond obtained by the County Auditor:

<u>Surety Company</u>	<u>Term</u>	<u>Amount</u>
Pekin Company	January 1, 2022 to January 1, 2023	\$ 300,000

COUNTY AUDITOR
FLOYD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 18, 2023, with Diana M. Topping, County Auditor; John Schellenberger, County Commissioner; Gloria Jones, Chief Deputy County Auditor; Donald Lopp, Director of Operations; and Michelle Portwood, Human Resource Director.

The contents of this report were discussed on July 17, 2023, with Jacqueline Wenning, former County Auditor.

COUNTY TREASURER
FLOYD COUNTY

COUNTY TREASURER
FLOYD COUNTY
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS
AND REPORTING - COUNTY TREASURER**

The same comment also appeared in prior Reports B55625, B58853, and B59679.

Condition and Context

The County Treasurer did not have a proper system of internal controls in place over financial transactions and reporting to prevent, or detect and correct, errors in cash and investments. The County Treasurer had not established internal controls to ensure that the monthly bank reconciliations were completed and accurate. Internal controls were not in place to ensure financial activity was recorded properly. The following issues were identified:

1. Bank reconciliations were not properly completed for five of the County Treasurer's bank accounts which had minimal activity and/or could be considered investment accounts.
2. One bank account was not listed in the County Treasurer's Daily Balance of Cash Depositories, Form 47 (Cash Book), nor included in the reconciliation because the balance is relatively small, and activity is transferred out the next month.
3. The outstanding check lists used in the reconciliations contained errors. A check in the amount of \$49,469 was shown as outstanding on December 31, 2022, and was included on the outstanding check list as of April 2023; however, the check cleared the bank in December 2022. Numerous items were shown on the outstanding check list dating back to 2012.
4. A comparison of the Cash Book to the bank depository account on December 31, 2022, indicated an unidentified cash short of \$516,180.
5. A monthly reconciliation of the record balance with the County Auditor on County Form No. 61, Monthly Financial Statement was not properly performed. Variances existed each month between the amount reported by the County Auditor and that reported by the County Treasurer in the Cash Book. At December 31, 2022, the County Treasurer reported \$208,250 more than the balance reported by the County Auditor.

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. . . .

COUNTY TREASURER
FLOYD COUNTY
AUDIT RESULT AND COMMENT
(Continued)

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 5-13-5-1(a) states:

"Every public officer who receives or distributes public funds shall:

- (1) keep a cashbook into which the public officer shall enter daily, by item, all receipts of public funds; and
- (2) balance the cashbook daily to show funds on hand at the close of each day."

The Treasurer's Daily Balance of Cash and Depositories, Form 47, is the record prescribed to enable the treasurer to comply with IC 5-13-5-1. It reflects the daily receipts and disbursements, total amount of cash and investments on hand, and a proof of the financial condition of the office at the close of each day. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 5)

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 County Treasurers of Indiana, Chapter 1)

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."

COUNTY TREASURER
FLOYD COUNTY
AUDIT RESULT AND COMMENT
(Continued)

Indiana Code 5-11-10.5-5 states:

"(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.

(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."

The Monthly Financial Statement, Form 61, is a permanent record prepared from the treasurer's funds ledger at the close of each month. It is prepared after all postings to the ledger have been completed for the month and reflects the total receipts and disbursements and the balance for each fund for the month and for the year to date. The statement must agree with a similar statement kept by the county auditor, giving consideration to any adjustments required to reconcile the ledgers of the two offices. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 5)

COUNTY TREASURER
FLOYD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 18, 2023, with Steve Burks, County Treasurer; Diana M. Topping, County Auditor; John Schellenberger, County Commissioner; Gloria Jones, Chief Deputy County Auditor; Donald Lopp, Director of Operations; and Michelle Portwood, Human Resource Director.

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COUNTY SHERIFF
FLOYD COUNTY

COUNTY SHERIFF
FLOYD COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING - COUNTY SHERIFF

Condition and Context

The County Sheriff had not established an effective system of internal controls over financial transaction and reporting to prevent, or detect and correct, errors. The following issues were identified:

1. Internal controls were not in place to verify financial reports contain all the financial activity and the financial activity was properly reported. Financial reports presented for audit to support the supplemental financial report CAR-1, completed by the department for inclusion in the County's Annual Financial Report, were not reflective of the amount reported. The beginning cash and investments balance on the financial report presented for audit was not in agreement with the prior year ending cash and investments balance. In addition, financial reports detailing transactions and providing summarized totals were not in agreement with one another and in some instances were not mathematically correct. When the issues identified were brought to the County Sheriff's Director of Financial Operations attention, the software vendor was contacted, and it was determined the parameters used to run the report were incorrect resulting in omission of data.
2. The County Sheriff had not separated incompatible activities related to financial transaction and reporting. Bank reconciliements were performed by one individual with no indication of oversight or review. The same individual was also responsible for recording transactions and issuing checks.
3. Internal controls in place over the recording and approving of adjustments made to the financial records were insufficient. Documentation did not provide an explanation as to the reason for the adjustment to ascertain the validity of the adjustment.
4. Internal controls were not properly documented for the reconciliation of receipts issued with collections on hand. Although the County Sheriff's procedures required monies to be counted by two individuals and reconciled with the receipts, with both individuals signing the collections report verifying the accuracy, documentation reviewed only showed one employee signature.
5. Internal controls were not in place to ensure monies were deposited in a timely manner. Testing identified eight instances in which monies were deposited 7 days or more after the receipt of funds. In one instance monies were not deposited until 25 days after being received.
6. Proper internal controls were not in place over disbursements. Internal controls were not in place documenting the approval of purchases; verifying purchases made from commissary funds followed Indiana Code 36-8-10-21; and verification of the receipt of goods or services prior to payment of invoices. In addition, controls were not in place to ensure proper documentation was retained to support disbursements made. As such, for 19 percent of the disbursement transactions reviewed, either information was not retained to support the disbursement transaction or the disbursement was for activity not authorized by Indiana Code 36-8-10-21.

COUNTY SHERIFF
FLOYD COUNTY
AUDIT RESULT AND COMMENT
(Continued)

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. . . ."

Indiana Code 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . ."

Indiana Code 5-13-6-1(g) states in part:

"The following are not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars (\$500): . . .

(2) A local officer of a political subdivision required to deposit funds under subsection (c) other than a township trustee.

(3) A city or a town required to deposit funds under subsection (d)."

Indiana Code 36-8-10-21 states:

"(a) This section applies to any county that has a jail commissary that sells merchandise to inmates.

(b) A jail commissary fund is established, referred to in this section as "the fund". The fund is separate from the general fund, and money in the fund does not revert to the general fund.

(c) The sheriff, or the sheriff's designee, shall deposit all money from commissary sales into the fund, which the sheriff or the sheriff's designee shall keep in a depository designated under [IC 5-13-8](#).

COUNTY SHERIFF
FLOYD COUNTY
AUDIT RESULT AND COMMENT
(Continued)

(d) The sheriff, or the sheriff's designee, at the sheriff's or the sheriff's designee's discretion and without appropriation by the county fiscal body, may disburse money from the fund for:

- (1) merchandise for resale to inmates through the commissary;
- (2) expenses of operating the commissary, including, but not limited to, facilities and personnel;
- (3) special training in law enforcement for employees of the sheriff's department;
- (4) equipment installed in the county jail;
- (5) equipment, including vehicles and computers, computer software, communication devices, office machinery and furnishings, cameras and photographic equipment, animals, animal training, holding and feeding equipment and supplies, or attire used by an employee of the sheriff's department in the course of the employee's official duties;
- (6) an activity provided to maintain order and discipline among the inmates of the county jail;
- (7) an activity or program of the sheriff's department intended to reduce or prevent occurrences of criminal activity, including the following:
 - (A) Substance abuse.
 - (B) Child abuse.
 - (C) Domestic violence.
 - (D) Drinking and driving.
 - (E) Juvenile delinquency;
- (8) expenses related to the establishment, operation, or maintenance of the sex and violent offender registry web site under [IC 36-2-13-5.5](#); or
- (9) any other purpose that benefits the sheriff's department that is mutually agreed upon by the county fiscal body and the county sheriff.

Money disbursed from the fund under this subsection must be supplemental or in addition to, rather than a replacement for, regular appropriations made to carry out the purposes listed in subdivisions (1) through (8).

(e) The sheriff shall maintain a record of the fund's receipts and disbursements. The state board of accounts shall prescribe the form for this record. The sheriff shall semiannually provide a copy of this record of receipts and disbursements to the county fiscal body. The semiannual reports are due on July 1 and December 31 of each year."

COUNTY SHERIFF
FLOYD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 18, 2023, with Steve Bush, County Sheriff; Diana M. Topping, County Auditor; John Schellenberger, County Commissioner; Gloria Jones, Chief Deputy County Auditor; Donald Lopp, Director of Operations; and Michelle Portwood, Human Resource Director.

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COUNTY HIGHWAY DEPARTMENT
FLOYD COUNTY

COUNTY HIGHWAY DEPARTMENT
FLOYD COUNTY
AUDIT RESULT AND COMMENT

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

The same comment also appeared in the prior Reports B58853 and B59679.

Condition and Context

Six out of ten disbursements tested from the MVH Restricted fund were made for activities not related to the construction, reconstruction, and preservation of the County's highways. These disbursements included payroll expenses related to work performed by employees of the County Highway Department.

Although the County provided daily work schedule documentation to support the payroll related expenses paid from this fund, the documentation indicated that work being performed included, but was not limited, to grass cutting, road patchwork, tree debris clean up, basin cleaning, and removal of garbage. These expenses are not costs associated with the construction, reconstruction, or preservation of the County's paved and unpaved roads, streets, bridges, and highways as required for expenditures from the MVH Restricted fund.

An adjustment of \$50,000 was made on December 28, 2022, to correct the MVH Restricted fund for the unallowed costs, but documentation provided was not sufficient to determine if it was accurate.

Criteria

Indiana Code 8-14-1-4(b) states: "For funds distributed to a county from the motor vehicle highway account, the county shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the county's highways."

COUNTY HIGHWAY DEPARTMENT
FLOYD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 18, 2023, with Donald Lopp, Director of Operations; Diana M. Topping, County Auditor; John Schellenberger, County Commissioner; Gloria Jones, Chief Deputy County Auditor; and Michelle Portwood, Human Resource Director.

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COUNTY COUNCIL
FLOYD COUNTY

COUNTY COUNCIL
FLOYD COUNTY
AUDIT RESULT AND COMMENT

COUNTY AUDITOR SALARY

Condition and Context

Jacqueline Wenning (Wenning), County Auditor, received compensation of \$2,250 on May 13, 2022, and on November 25, 2022, for attending the Board of County Commissioners' and the County Council's meetings. The amounts paid were not included on the salary ordinance adopted by the County Council.

The statute does not specifically allow a stipend or per diem for the County Auditor. Per statute, the County Auditor shall perform the duties of the clerk of the county executive and the county fiscal body.

The County Council retroactively approved the \$4,500 payment to the County Auditor, per the June 14, 2022 Board minutes.

Criteria

Indiana Code 36-2-5-13 states in part:

"(a) As used in this section, 'compensation' means the total of all money paid to, or on behalf of, an elected county officer for performing duties as an elected county officer, regardless of the source of funds from which the money is paid. The term includes all employee benefits paid to an elected county officer, including life insurance, health insurance, disability insurance, retirement benefits, and pension benefits. For purposes of determining an increase or decrease in compensation of an elected county officer, the term does not include any of the following:

- (1) Payment of an insurance premium.
- (2) Payments in recognition of:
 - (A) longevity;
 - (B) professional certifications; or

COUNTY COUNCIL
FLOYD COUNTY
AUDIT RESULT AND COMMENT
(Continued)

(C) educational advancements;

that are separately identified on a salary ordinance or resolution.

(3) Payment of a stipend or per diem allowed by statute.

(b) Compensation shall be established using an annual, monthly, or biweekly salary schedule. An elected county officer is not required to report hours worked and may not be compensated based on the number of hours worked.

(c) Except as provided in subsection (d), the compensation of an elected county officer may not be changed in the year for which it is fixed. . . ."

Indiana Code 36-2-2-11(a) states: "The county auditor shall attend all meetings of, and record in writing the official proceedings of, the executive."

Indiana Code 36-2-3-6(b) states in part:

"The county auditor is the clerk of the fiscal body and shall do the following: . . .

(1) Preserve the fiscal body's records in the county auditor's office.

(2) Keep an accurate record of the fiscal body's proceedings. . . ."

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

Wenning was requested to reimburse the County for the salary overpayments in the amount of \$4,500.

COUNTY COUNCIL
FLOYD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 18, 2023, with Diana M. Topping, County Auditor; John Schellenberger, County Commissioner; Gloria Jones, Chief Deputy County Auditor; Donald Lopp, Director of Operations; and Michelle Portwood, Human Resource Director.

FLOYD COUNTY
SUMMARY OF CHARGES
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Jacqueline Wenning, former County Auditor: County Auditor Salary, pages 10 and 11	\$ 4,500	\$ -	\$ 4,500
	<u>4,500</u>	<u>-</u>	<u>4,500</u>

This report was forwarded to the Office of the Indiana Attorney General.

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AFFIDAVIT

STATE OF INDIANA)
)
Harrison COUNTY)

We, Melissa Hayes and William Mehling, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of Floyd County, Indiana, for the period from January 1, 2022 to December 31, 2022, is true and correct to the best of our knowledge and belief.

Melissa Hayes

William Mehling

Field Examiners

Subscribed and sworn to before me this 23 day of August, 2023

Lori Welch

Notary Public

My Commission Expires: 02-23-2030

County of Residence: Harrison

