

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

GREENE COUNTY, INDIANA

January 1, 2022 to December 31, 2022



FILED

08/22/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Matthew W. Baker Heather Perry	01-01-22 to 12-31-22 01-01-23 to 12-31-23
County Treasurer	Nicole L. Stahl-Troutman Samantha Mahan (interim) Samantha Mahan	01-01-22 to 05-13-22 05-14-22 to 06-10-22 06-11-22 to 12-31-23
Clerk of the Circuit Court	Stuart A. Dowden	01-01-22 to 12-31-23
County Sheriff	Michael L. Hasler George A. Dallaire	01-01-22 to 12-31-22 01-01-23 to 12-31-23
County Recorder	Sarah J. Bender	01-01-22 to 12-31-23
President of the Board of County Commissioners	Nathan L. Abrams	01-01-22 to 12-31-23
President of the County Council	Gregg Roudebush Kelly Zimmerly	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 GREENE COUNTY, INDIANA

This report is supplemental to the audit report of Greene 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

August 8, 2023

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COUNTY AUDITOR
GREENE COUNTY

COUNTY AUDITOR
GREENE COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

The same comment also appeared in prior Reports B57388 and B59812.

Condition and Context

The County Auditor did not have a proper system of internal controls in place to prevent, or detect and correct, errors in the Annual Financial Report entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the financial statement. The financial information was entered into Gateway without an oversight, review, or approval process to ensure the information was accurate.

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. . . ."

CAPITAL ASSETS

Condition and Context

The County had a detailed listing of capital assets; however, this had not been updated for 2022 additions and deletions. In addition, it was noted that the value of some items was reported net of depreciation instead of the actual historical cost.

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
GREENE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report via the Indiana Gateway for Government Units (Gateway) financial reporting system. The capital assets and accounts payable and accounts receivable information entered into Gateway contained the following errors:

Accounts Payable and Accounts Receivable Schedule

The County did not provide supporting documentation for the amounts reported as accounts payable at December 31, 2022. Therefore, we were unable to determine the accuracy of the information.

The County did not report an amount for accounts receivable.

Capital Assets

The amount reported as capital assets agreed to the detailed capital asset listing. However, the detailed capital asset listing was not updated for additions and deletions during 2022, and the value of some of the assets was recorded net of depreciation instead of actual historical cost.

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](#)."

REDEVELOPMENT AUTHORITY BOND PAYMENTS

The same comment also appeared in prior Report B59812.

Condition and Context

The County entered into a lease with the Greene County Redevelopment Authority (Authority). Lease payments made by the County were paid directly to the bank, rather than the Authority. The County should disburse the lease payments to the Authority. The Authority should pay the bond payments to the bank.

Criteria

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY AUDITOR
GREENE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 8, 2023, with Heather Perry, County Auditor; Matthew W. Baker, former County Auditor; Nathan L. Abrams, President of the Board of County Commissioners; Brent A. Murray, Vice President of the County Council; and Marvin Abshire, County Attorney.

COUNTY TREASURER
GREENE COUNTY

COUNTY TREASURER
GREENE COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROL OVER BANK ACCOUNT RECONCILIATIONS

The same comment also appeared in the prior Report B59812, and a similar comment also appeared in prior Report B57388, entitled *BANK ACCOUNT RECONCILIATIONS*, and in Management Letters addressed to the County Treasurer, County Council, and Board of County Commissioners for the audit periods ending December 31, 2018 and 2019.

Condition and Context

The County Treasurer had implemented internal controls over cash and investments; however, the internal controls were not consistently applied during the audit period. Monthly bank reconciliations were performed; however, the internal controls failed to prevent, or detect and correct, errors in cash and investments.

The County Treasurer's bank reconciliations presented for audit contained the following errors:

1. The County Auditor's and County Treasurer's fund balances agreed each month on the Harris Monthly Comparison Report of the fund accounts; however, the County Treasurer did not use this balance to reconcile to the bank account balance. In preparing the monthly bank reconciliations, the County Treasurer used the fund balance total in the County Treasurer's Cash Book. The County Treasurer's Cash Book balance did not agree with the Monthly Comparison Report for any month during the audit period.
2. The December 31, 2022 bank reconciliation in the County Treasurer's Cash Book was \$102,256 less than the ledger balance.
3. The fund ledger balance recorded on the County Treasurer's Cash Book was \$427,687 less than the County Auditor's fund ledger balance.
4. Monthly reconciliations were prepared for each individual bank account, but a combined reconciliation of all bank accounts to fund balances was not performed.
5. Reconcilements for the main account were not prepared timely. The December 31, 2022 reconcilement was not prepared until April 27, 2023.
6. The December 31, 2022 outstanding check list presented for the County's main bank account erroneously included checks that had already cleared the bank as of December 31, 2022.

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.

COUNTY TREASURER
GREENE 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 County Treasurers of Indiana, Chapter 1)

INVESTMENTS

The same comment also appeared in prior Reports B57388 and B59812.

Condition and Context

The County Treasurer held investments of \$913,050 on December 31, 2022, that were previously managed by the investment department of the First Financial Bank of Terre Haute. The custody of the investments was subsequently transferred to Pacific Life, and the County is working with a new investment manager. The custody of the securities must be made through depositories designated by the Indiana State Board of Finance, Pacific Life is not a designated depository.

Criteria

Indiana Code 5-13-9-2.5 states in part:

"(a) An officer designated in section 1 of this chapter may invest or reinvest funds that are held by the officer and available for investment in investments commonly known as money market mutual funds that are in the form of securities of or interests in an open-end, no-load, management-type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940, as amended (15 U.S.C. 80a et seq.)

(b) The investments described in subsection (a) shall be made through depositories designated by the state board of finance as depositories for state deposits under [IC 5-13-9-5](#).

(c) The portfolio of an investment company or investment trust described in subsection (a) must be limited to the following:

- (1) Direct obligations of the United States.
- (2) Obligations issued by any of the following:
 - (A) A federal agency.
 - (B) A federal instrumentality.

COUNTY TREASURER
GREENE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

(C) A federal government sponsored enterprise.

(3) Repurchase agreements full collateralized by obligations described in subdivision (1) or (2). . . ."

Investments can only be made in accordance with statutory guidelines. Losses and expenses related to any unauthorized investments and unauthorized investment procedures may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

COUNTY TREASURER
GREENE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 8, 2023, with Samantha Mahan, County Treasurer; Nathan L. Abrams, President of the Board of County Commissioners; Brent A. Murray, Vice President of the County Council; and Marvin Abshire, County Attorney.

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CLERK OF THE CIRCUIT COURT
GREENE COUNTY

CLERK OF THE CIRCUIT COURT
GREENE COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROL OVER BANK ACCOUNT RECONCILIATIONS

A similar comment also appeared in prior Report B59812, entitled *BANK ACCOUNT RECONCILIATIONS*.

Condition and Context

The Clerk of the Circuit Court did not have a proper system of internal controls in place to prevent, or detect and correct, errors in performing bank account reconciliations. Bank account reconciliations were not performed for any month of 2022 for the trust account. The last reconciliation performed was August 2021.

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:

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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."

CONDITION OF RECORDS

The same comment also appeared in prior Reports B44610, B47757, B48155, B51413, B51415, B53189, B55143, B57388, and B59812.

Condition and Context

Financial records presented for audit for the Clerk of the Circuit Court's (Clerks) funds were incomplete and not reflective of the activity of the Clerk's funds. The records presented included a printout from an old MHI software system with a detail of accounts payable that did not agree to the amount being used as the cash fund balance. This is an old software system that cannot be converted to the Odyssey system and contains many posting errors made over a long period of time. The last activity in this account was in 2018. As of December 31, 2022, the detail to the control ledger was \$59,356 short.

COUNTY TREASURER
GREENE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

Indiana Code 5-13-6-1(e) states: "All local investments 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)

ANNUAL FINANCIAL REPORT

The same comment also appeared in prior Report B59812.

Condition and Context

The Clerk of the Circuit Court did not report the ISETS (Child Support) account receipts and disbursement activity to the County Auditor for it to be included on the Annual Financial Report entered in the Indiana Gateway for Government Units financial reporting system, which was the source of the financial statement.

Criteria

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)

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](#)."

MONTHLY AND ANNUAL UPLOADS

The same comment also appeared in prior Report B59812.

Condition and Context

The Clerk of the Circuit Court did not comply with the State Examiner Directive 2018-1 and failed to upload any of the required monthly and annual files on the Indiana Gateway for Government Units financial reporting system for January 2022 through December 2022.

COUNTY TREASURER
GREENE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

The following files and governmental unit information are required to be uploaded monthly by all units except as noted: . . .

For County Clerks, Recorders, and Sheriffs:

- Cash Balance Reports
- Bank Reconcilements, Bank Statements, and Outstanding Check Lists . . .

The following files and governmental unit information are required to be uploaded annually (for Counties, these apply to County auditors unless otherwise noted): . . .

- Additionally, for County Clerk and Cities/Towns with courts: Court Trust Fund Subsidiary Detail as of December 31. . . .

(Amended State Examiner Directive 2018-1)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

CLERK OF THE CIRCUIT COURT
GREENE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 8, 2023, with Stuart A. Dowden, Clerk of the Circuit Court; Nathan L. Abrams, President of the Board of County Commissioners; Brent A. Murray, Vice President of the County Council; and Marvin Abshire, County Attorney.