

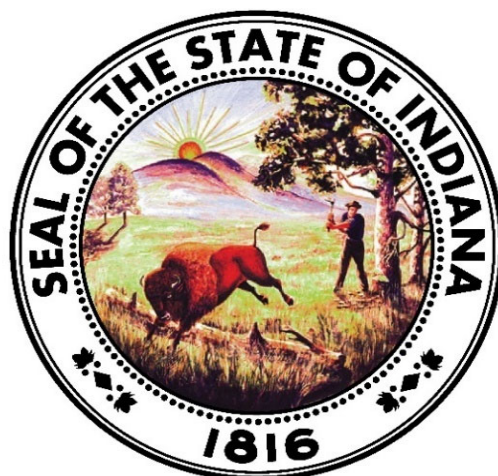
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

SUPPLEMENTAL COMPLIANCE REPORT

OF

MONTGOMERY COUNTY, INDIANA

January 1, 2022 to December 31, 2022



FILED

08/03/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Jennifer Andel Mindy Byers	01-01-22 to 12-31-22 01-01-23 to 12-31-23
County Treasurer	Heather Laffoon	01-01-22 to 12-31-23
Clerk of the Circuit Court	Karyn Douglas	01-01-22 to 12-31-23
County Sheriff	Ryan Needham	01-01-22 to 12-31-23
County Recorder	Jennifer Pursell	01-01-22 to 12-31-23
President of the Board of County Commissioners	John Frey	01-01-22 to 12-31-23
President of the County Council	Tom Mellish David Hunt	01-01-22 to 12-31-22 01-01-23 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF MONTGOMERY COUNTY, INDIANA

This report is supplemental to the audit report of Montgomery 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 Result and Comment contained herein describes an identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

July 20, 2023

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COUNTY AUDITOR
MONTGOMERY COUNTY

COUNTY AUDITOR
MONTGOMERY COUNTY
AUDIT RESULT AND COMMENT

ANNUAL FINANCIAL REPORT

The same comment also appeared in prior Report B59954.

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 also not established effective internal controls over the AFR information entered into Gateway, which resulted in the following errors:

Financial Data

1. The cash and investments at January 1, 2022, were overstated by \$5,503,982.
2. Receipts were overstated by \$563,497.
3. Disbursements were overstated by \$5,668,447.
4. The cash and investments at December 31, 2022, were overstated by \$399,032.

Adjustments were proposed, accepted by the County, and made to the financial statement presented in the Financial Statement Audit Report and to the Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis presented as Required Supplementary Information.

Grant Schedule

1. The COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response program expenditures were overstated by \$152,297.
2. Additional grants had individually immaterial errors that resulted in an understatement of expenditures of \$116,962.
3. Other errors included incorrect pass-through entity names, program names, and incorrect Assistance Listings Numbers.

COUNTY AUDITOR
MONTGOMERY COUNTY
AUDIT RESULT AND COMMENT
(Continued)

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

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
MONTGOMERY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 20, 2023, with Mindy Byers, County Auditor; Jennifer Andel, Chief Deputy County Auditor; Tom Klein, County Administrator; David Hunt, President of the County Council; and Daniel L. Taylor, County Attorney.