

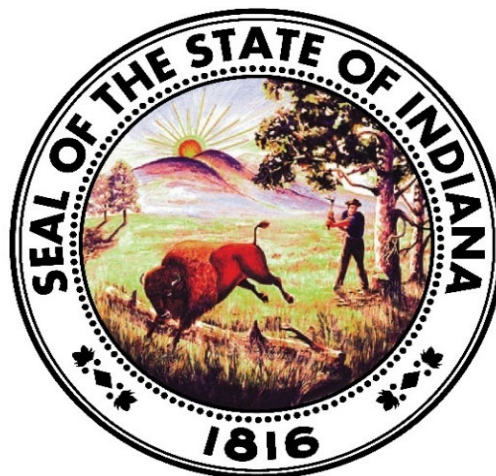
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

SUPPLEMENTAL COMPLIANCE REPORT

OF

WHITE COUNTY, INDIANA

January 1, 2022 to December 31, 2022



FILED

08/21/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Gayle E. Rogers Elizabeth J. Billue	01-01-22 to 12-31-22 01-01-23 to 12-31-23
County Treasurer	Barbara Nydegger	01-01-22 to 12-31-23
Clerk of the Circuit Court	Laura Cosgray	01-01-22 to 12-31-23
County Sheriff	William Brooks	01-01-22 to 12-31-23
County Recorder	Lori Austin	01-01-22 to 12-31-23
President of the Board of County Commissioners	David Diener Steve Burton	01-01-22 to 12-31-22 01-01-23 to 12-31-23
President of the County Council	Raymond L. Kramer, Jr.	01-01-22 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF WHITE COUNTY, INDIANA

This report is supplemental to the audit report of White 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
WHITE COUNTY

COUNTY AUDITOR
WHITE COUNTY
AUDIT RESULTS AND COMMENTS

FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

There were deficiencies in the internal control system of the County related to financial transactions and reporting.

Financial Data

The County had not established internal controls over the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's financial statement. The County failed to properly review the financial information prepared and submitted in Gateway. One employee prepared and entered the financial information into Gateway without an oversight or review process in place.

Due to the lack of effective internal controls, the financial statement presented for audit included the following errors:

1. The Clerk Trust Fund, Sheriff Inmate Trust, Sheriff Commissary, and Treasurer After Settlement Collections are funds that are not maintained on the County Auditor's (Auditor) ledger. Each department is to submit to the Auditor a Supplemental Annual Financial Report by January 20, which is then included in the Gateway submission completed by the Auditor. For 2022, these amounts were not included on the Gateway submission resulting in a combined understatement of beginning cash and investments balance of \$1,680,229, receipts of \$3,910,806, disbursements of \$3,823,077, and ending cash and investments balance of \$1,767,958.
2. The Solid Waste Operating fund was listed twice on the financial statement that overstated beginning and ending cash and investments balances by \$5,933,378.
3. The USDA WWTP 11.307 Wolcott fund included receipts that were received on December 31, 2021, and were included in the prior financial statement. As a result, beginning cash and investments balance and receipts were overstated by \$1,108,085.

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

Receipts

The County had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, errors related to receipts.

The County had internal controls in place to ensure the amount received was recorded, but the internal controls had not been designed or implemented to ensure the receipts were recorded in the proper fund.

Adjustments to Receipts and Disbursements

The County had not properly designed a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, errors to adjustments to receipts and disbursements.

COUNTY AUDITOR
WHITE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Adjustments are changes to the financial records by journal entry or transfer to correct or better align the accounting records. Adjustments are made to make a correction to a recorded amount, to correct a fund, to transfer between funds among other things. All documentation related to the adjustment must be maintained to support the change.

The County had not established internal controls to ensure adjustments to receipts and disbursements were properly recorded. One employee recorded the adjustments without an oversight or review process in place.

Adjustments made included corrections to record the amounts in the proper funds, and transferring the County portion of property taxes to the appropriate funds. Based on a sample of 17 adjustments, only 2 had adequate supporting documentation. The 2 with adequate supporting documentation were both related to the County portion of property taxes; for the remaining samples the employee who entered the adjustment would make a note on the entry as to what the correction was for, but no additional documentation was maintained.

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](#)."

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 Counties of Indiana, Chapter 1)

COUNTY AUDITOR
WHITE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

ANNUAL FINANCIAL REPORT

Condition and Context

Required supplementary information is 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 incorrect reporting of the AFR.

Required Supplementary Information

The County failed to properly review the financial information prepared and submitted in Gateway. One employee prepared and entered the financial information into Gateway without an oversight or review process in place.

Due to the lack of effective internal controls, the required supplementary information presented for audit included the errors described above in the Financial Transactions and Reporting comment.

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](#)."

OVERDRAWN CASH BALANCES

Condition and Context

The financial statement presented for audit included funds with overdrawn cash balances at December 31, 2022. Cash balances of County's funds were overdrawn due to grant funds operating on a reimbursement basis. Reimbursement grants require the County to expend funds and subsequently request reimbursement on a timely basis. The following funds were grant funds with overdrawn cash balances at December 31, 2022, for which requests for reimbursement were not submitted timely:

<u>Fund</u>	<u>Amount Overdrawn</u>
AIP1919 Rd Relocate 20.106	\$ 21,741
AIP1818 Obstruction/Trees	58,141
Roundabout FHWA 20.205	286,500
Sheriff Drug Task Force 20.601	1,636
AIP FY21 Rd 225 S Const	166,651
Pre Disaster Mitigation 97.047	1,457
USDA WWTP 11.307 Wolcott	811,787
EMA SHSP Mobile Ops Ctr 97.067	86,820

COUNTY AUDITOR
WHITE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY AUDITOR
WHITE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 8, 2023, with Elizabeth J. Billue, County Auditor; Steve Burton, President of the Board of County Commissioners; James B. Davis, County Commissioner; Raymond L. Kramer, Jr., President of the County Council; James G. Annis, County Council member; and Gayle E. Rogers, former County Auditor.