

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

NOBLE COUNTY, INDIANA

January 1, 2022 to December 31, 2022



**FILED**

08/23/2023



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Tonya Jones Shelley Mawhorter	01-01-22 to 12-31-22 01-01-23 to 12-31-23
County Treasurer	Shelley Mawhorter Natasha Zizelman	01-01-22 to 12-31-22 01-01-23 to 12-31-23
Clerk of the Circuit Court	Tammy Bremer	01-01-22 to 12-31-23
County Sheriff	Max Weber	01-01-22 to 12-31-23
County Recorder	Candy Myers Tonya Jones	01-01-22 to 12-31-22 01-01-23 to 12-31-23
President of the Board of County Commissioners	Gary Leatherman	01-01-22 to 12-31-23
President of the County Council	Denise Lemmon George Bennett	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 NOBLE COUNTY, INDIANA

This report is supplemental to the audit report of Noble 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 Result and Comment contained herein describes the 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

August 14, 2023

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COUNTY AUDITOR  
NOBLE COUNTY

COUNTY AUDITOR  
NOBLE COUNTY  
AUDIT RESULT AND COMMENT

**ANNUAL FINANCIAL REPORT**

The same comment also appeared in prior Reports B57894 and B59571.

*Condition and Context*

Financial and supplemental 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 failed to properly review the information prepared and submitted in Gateway. Although one employee prepared and entered the information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect and allow for correction of the following errors prior to submission.

Due to the lack of effective internal controls, the AFR included the following errors:

*Financial Data*

1. Beginning cash and investments balances were understated for 42 funds by \$7,082,465, in total, and overstated for 15 funds by \$4,570,778, in total.
2. Receipts were understated for 48 funds by \$88,954,595, in total, and overstated for 15 funds by \$82,036,848, in total.
3. Disbursements were understated for 54 funds by \$88,436,699, in total, and overstated for 19 funds by \$81,560,419, in total.
4. Ending cash and investments balances were understated for 50 funds by \$41,251,242, in total, and overstated for 16 funds by \$38,698,088, in total.
5. Interfund transfers were understated by \$2,780,892.

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

*Grants*

1. The Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii expenditures were understated by \$60,478.
2. The COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program expenditures were overstated by \$54,094.
3. The Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) expenditures were overstated by \$50,000.

COUNTY AUDITOR  
NOBLE COUNTY  
AUDIT RESULT AND COMMENT  
(Continued)

4. The Emergency Management Performance Grants expenditures were understated by \$44,828.
5. Three additional grants were understated by \$41,164, in total.
6. Seven additional grants were overstated by \$86,479, in total.
7. Other errors included incorrect program names, pass-through entities, and identifying numbers.

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

*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  
NOBLE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 14, 2023, with Shelley Mawhorter, County Auditor; Gary Leatherman, President of the Board of County Commissioners; Gary Timmerman, County Commissioner; Anita Hess, County Commissioner; Jacqueline L. Knafel, County Coordinator; and Dennis Graft, County Attorney.