

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

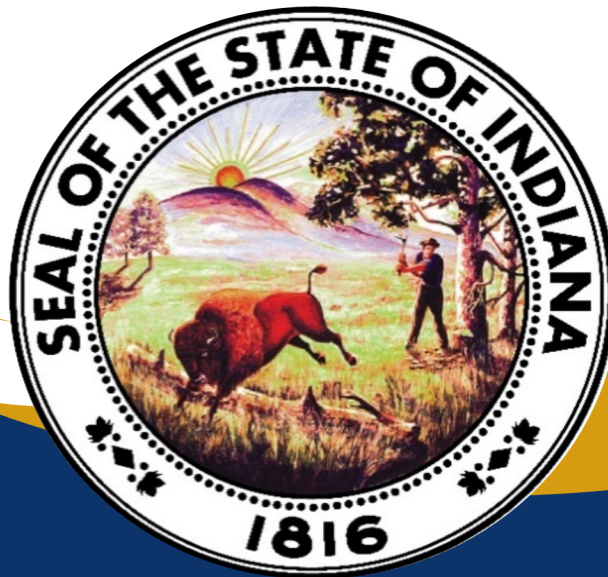
**Paul D. Joyce, CPA  
State Examiner**

SUPPLEMENTAL COMPLIANCE REPORT

OF

SWITZERLAND COUNTY, INDIANA

January 1, 2021 to December 31, 2023



**FILED**  
12/23/2024



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## SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Carolyn J. Green	01-01-21 to 10-31-21
	Yvette Emmich	11-01-21 to 12-31-22
	Gayle Sullivan	01-01-23 to 12-31-24
County Treasurer	Gayle Rayles	01-01-21 to 12-31-24
Clerk of the Circuit Court	Gayle Sullivan	01-01-21 to 12-31-22
	Brittany Carfield	01-01-23 to 03-08-24
	(Vacant)	03-09-24 to 03-10-24
	Karin S. Dutkiewicz	03-11-24 to 12-31-24
County Sheriff	Brian Morton	01-01-21 to 12-31-24
County Recorder	Dawn Naylor	01-01-21 to 12-31-24
President of the Board of County Commissioners	Jerry Monjar	01-01-21 to 12-31-21
	Grant Dean	01-01-22 to 12-31-23
	Jamie Peters	01-01-24 to 12-31-24
President of the County Council	Lance Collier	01-01-21 to 12-31-21
	Steven Jones-Ellard	01-01-22 to 12-31-22
	Randy Leap	01-01-23 to 12-31-23
	Lisa Fisher	01-01-24 to 12-31-24



Paul D. Joyce, CPA  
State Examiner

# INDIANA STATE BOARD OF ACCOUNTS

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ROOM E418  
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TO: THE OFFICIALS OF SWITZERLAND COUNTY, INDIANA

This report is supplemental to the audit report of Switzerland County (County), for the period from January 1, 2021 to December 31, 2023. 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 Statements Audit Report of the County, which provides our opinions on the County's financial statements. 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 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

November 21, 2024



COUNTY AUDITOR  
SWITZERLAND COUNTY

COUNTY AUDITOR  
SWITZERLAND COUNTY  
AUDIT RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT**

A similar comment appeared in prior Report B58797, entitled *INTERNAL CONTROLS OVER FINANCIAL CLOSE AND REPORTING*.

*Condition and Context*

The Annual Financial Report (AFR) is required to be submitted annually via the Indiana Gateway for Government Units (Gateway) financial reporting system. There was no documentation of an oversight, review, or approval process over the information submitted in the AFR, which resulted in the following errors:

*Financial Data*

The financial data entered in the AFRs contained the following errors:

- Receipts and disbursements reported in the 2021 AFR were overstated by \$1,421,166 and \$1,002,495, respectively.
- Cash and investment balances reported in the AFR for January 1, 2021, and December 31, 2021, were understated by \$694,446 and \$275,775, respectively.
- Receipts and disbursements reported in the 2022 AFR were understated by \$1,933,652 and \$1,892,115, respectively.
- Cash and investment balances reported in the AFR for January 1, 2022, and December 31, 2022, were understated by \$275,775 and \$317,312, respectively.
- Receipts and disbursements reported in the 2023 AFR were understated by \$2,609,540 and \$2,677,732, respectively.
- Cash and investment balances reported in the AFR for January 1, 2023, and December 31, 2023, were understated by \$1,363,038 and \$1,294,846, respectively. The January 1 balances initially reported were not the same as the prior year-end balances.

The variances noted were primarily the result of funds being omitted from the AFR, investment transactions not being properly reported, or variances noted between the amounts reported and the County's records.

The financial data entered within the AFR is used to generate the financial statements and the Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis presented as Other Information in the Financial Statements Audit Report of the County.

Audit adjustments were proposed, accepted by the County, and made to the financial statements and the Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis and to the financial data within the AFR.

COUNTY AUDITOR  
SWITZERLAND COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Grant Schedule*

The grant schedules within the AFRs included the following errors:

- The Coronavirus State and Local Fiscal Recovery Funds expenditures were overstated by \$1,043,659 in 2021, understated by \$605,953 in 2022, and understated by \$384,062 in 2023.
- The Highway Planning and Construction program expenditures were overstated by \$1,183,288, \$229,635, and \$390,116 in 2021, 2022, and 2023, respectively.
- Several additional grants had individually immaterial errors that resulted in misstatements of federal expenditures.
- Other errors included incorrect or omitted Assistance Listings Numbers, program names, and incorrect identifying numbers.

Adjustments were proposed, accepted by the County, and made to the grant schedules within the AFRs.

*Capital Assets*

The County reported the depreciated value of capital assets in the AFR for each year, rather than the acquisition value as required. This resulted in capital assets being understated by \$8,764,956, \$8,802,553, and \$9,012,103 for 2021, 2022, and 2023, respectively.

The submitted information is used to generate the Schedule of Capital Assets presented as Other information in the Financial Statements Audit Report of the County.

Adjustments were proposed, accepted by the County, and made to the Schedule of Capital Assets and to the capital asset information within the AFRs.

*Investment Fund Statement*

The County omitted a Riverboat fund investment in the amount of \$276,000 from the Investment Fund Statement reported in Gateway in 2021 and 2022.

*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 as set forth in the uniform compliance guidelines. 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  
SWITZERLAND COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

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. . . .

**OVERDRAWN CASH BALANCES**

*Condition and Context*

Internal controls were not in place to ensure that fund balances were not reduced below zero. The financial statements presented for the audit included the following overdrawn fund balances that were not related to reimbursable grants.

Fund	Amount Overdrawn December 31, 2022	Amount Overdrawn December 31, 2023
Surplus Tax	\$ 4,468	\$ 2,251
County Elected Officials Training	258	1,441
County Technology & Education Center	9,832	-
Belterra Fund	-	946,115
Payroll Withholding - Insurance	-	9,801
Payroll Withholding - Deferred Compensation	59	275
Payroll Withholding - Sheriff Pension	-	885
State Fines and Forfeitures	-	4,901

*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 County Auditors of Indiana, Chapter 1)

COUNTY AUDITOR  
SWITZERLAND COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

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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COUNTY AUDITOR  
SWITZERLAND COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 21, 2024, with Gayle Sullivan, County Auditor; Jamie Peters, President of the Board of County Commissioners; and Mathew Dutkiewicz, County Council member.

COUNTY TREASURER  
SWITZERLAND COUNTY

COUNTY TREASURER  
SWITZERLAND COUNTY  
AUDIT RESULT AND COMMENT

**FINANCIAL TRANSACTIONS AND REPORTING**

A similar comment also appeared in prior Report B58797, entitled *INTERNAL CONTROLS OVER CASH AND INVESTMENTS*.

*Condition and Context*

The County Treasurer's office did not have a documented system of internal controls in place over cash and investments. The County Treasurer and Deputy County Treasurer both completed an independent monthly bank reconciliation for bank accounts of the County; however, there was no documented review of the other party's work to ensure the reconciliements were performed and were accurate.

Due to the lack of effective internal controls, a variance (cash long) of \$281,812 as of December 31, 2023, was not identified or corrected.

*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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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. . . ."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balances 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)

COUNTY TREASURER  
SWITZERLAND COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 21, 2024, with Gayle Rayles, County Treasurer; Jamie Peters, President of the Board of County Commissioners; and Mathew Dutkiewicz, County Council member.



CLERK OF THE CIRCUIT COURT  
SWITZERLAND COUNTY

CLERK OF THE CIRCUIT COURT  
SWITZERLAND COUNTY  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

*Condition and Context*

There were several deficiencies in the internal control system of the Clerk of the Circuit Court (Clerk) related to financial transactions and reporting. The Clerk had not separated incompatible activities related to cash and investments, receipts, disbursements, and financial close and reporting.

*Cash and Investments*

One employee was responsible for performing the reconciliation of the depository account balance with the record balance. There were no internal controls in place, such as an oversight, review, or approval process, to ensure that the reconciliations were performed and accurate.

*Receipts*

Employees were responsible for collecting receipts, balancing the cash drawers, and preparing and making the bank deposits. There was not adequate documentation of segregation of duties, such as an oversight, review, or approval process.

*Disbursements*

Internal controls over Trust and Support disbursements were not documented. There was no documentation of internal controls in place, such as an oversight, review, or approval process, to ensure disbursements were accurate.

*Financial Close and Reporting*

There was no documentation of internal controls in place, such as an oversight, review, or approval process, to ensure the CAR-1 prepared and presented to the County Auditor for inclusion on the County's Annual Financial Report was accurate. As a result, the following errors were noted:

The amounts reported on the CAR-1 did not accurately report ISETS transactions.

- Receipts reported for ISETS on the CAR-1 were understated by \$138,461, \$189,130, and \$140,231 for 2021, 2022, and 2023, respectively.
- Disbursements reported for ISETS on the CAR-1 were understated by \$138,687, \$188,896, and \$140,601 for 2021, 2022, and 2023, respectively.

CLERK OF THE CIRCUIT COURT  
SWITZERLAND COUNTY  
AUDIT RESULT AND COMMENT  
(Continued)

Audit adjustments were proposed, accepted by the County, and made to the financial statements and Combining Schedules of Receipts, Disbursements and Cash and Investment Balances - Regulatory Basis presented in the Financial Statements Audit Report of the County.

*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. . . .

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The supplemental annual report forms are submitted by other county offices and departments to be used by the county auditor to provide complete financial information for the annual report by reporting financial activity that is maintained outside of the county auditor's system. The supplemental annual reports are only to be submitted with financial activity that is not eventually accounted for in the county's general ledger system. (The County Bulletin and Uniform Compliance Guidelines, December 2023)

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 as set forth in the uniform compliance guidelines. 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](#)."

CLERK OF THE CIRCUIT COURT  
SWITZERLAND COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 21, 2024, with Karin S. Dutkiewicz, Clerk of the Circuit Court; Jamie Peters, President of the Board of County Commissioners; and Mathew Dutkiewicz, County Council member.

BOARD OF COUNTY COMMISSIONERS  
SWITZERLAND COUNTY

BOARD OF COUNTY COMMISSIONERS  
SWITZERLAND COUNTY  
AUDIT RESULT AND COMMENT

**TRAINING ON INTERNAL CONTROL STANDARDS**

A similar comment appeared in prior Report B58797, entitled *ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS*.

*Condition and Context*

Training on internal control standards and procedures was not provided to County personnel as required by Indiana Code 5-11-1-27(g). Internal controls were not in place to ensure compliance with the statute.

*Criteria*

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

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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BOARD OF COUNTY COMMISSIONERS  
SWITZERLAND COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 21, 2024, with Jamie Peters, President of the Board of County Commissioners, and Mathew Dutkiewicz, County Council member.



COUNTY SHERIFF  
SWITZERLAND COUNTY

COUNTY SHERIFF  
SWITZERLAND COUNTY  
AUDIT RESULT AND COMMENT

**MONTHLY AND ANNUAL UPLOADS**

A similar comment appeared in a Management Letter addressed to the County Sheriff for the audit period ending December 31, 2020.

*Condition and Context*

Internal controls were not in place to ensure compliance with State Examiner Directive 2018-1. The files and governmental unit information that are required to be uploaded monthly on the Indiana Gateway for Government Units financial reporting system include the bank reconciliations, bank statements, outstanding check lists, and cash balance reports. The Inmate Trust Fund subsidiary detail is required to be uploaded annually.

Monthly uploads were completed for 6 of the 12 months in 2022. The remaining required monthly and annual uploads for the years 2021, 2022, and 2023 were not completed.

*Criteria*

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. (Amended State Examiner Directive 2018-1, Updated November 9, 2020, effective with uploads due February 15, 2021)

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)

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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COUNTY SHERIFF  
SWITZERLAND COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 21, 2024, with Brian Morton, County Sheriff; Keisha Morton, County Sheriff Matron; Jamie Peters, President of the Board of County Commissioners; and Mathew Dutkiewicz, County Council member.