

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

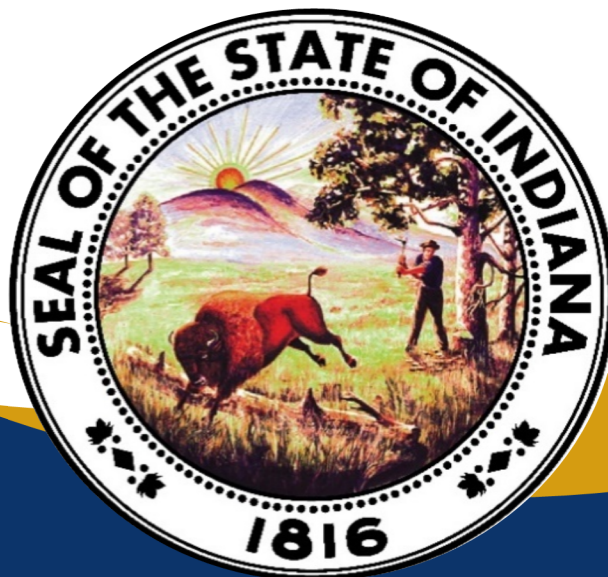
**Paul D. Joyce, CPA  
State Examiner**

SUPPLEMENTAL COMPLIANCE REPORT

OF

FOUNTAIN COUNTY, INDIANA

January 1, 2023 to December 31, 2023



**FILED**

01/21/2025



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Colleen Chambers	01-01-23 to 12-31-24
County Treasurer	Susan Coffing	01-01-23 to 12-31-24
Clerk of the Circuit Court	Patty Smith	01-01-23 to 12-31-24
County Sheriff	Terry Holt	01-01-23 to 12-31-24
County Recorder	Nikki Allen	01-01-23 to 12-31-24
President of the Board of County Commissioners	Brenda Hardy	01-01-23 to 12-31-24
President of the County Council	Dudley Cruea	01-01-23 to 12-31-24



Paul D. Joyce, CPA  
State Examiner

# INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769  
Telephone: (317) 232-2513  
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TO: THE OFFICIALS OF FOUNTAIN COUNTY, INDIANA

This report is supplemental to the audit report of Fountain County (County), for the period from January 1, 2023 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 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 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  
FOUNTAIN COUNTY

COUNTY AUDITOR  
FOUNTAIN COUNTY  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS**

The same comment also appeared in prior Report 000000651S.

*Condition and Context*

There were deficiencies in the internal control system of the County related to financial transactions and reporting. The County had not established an effective system of internal controls that separated incompatible activities related to receipts of the Self-Insurance fund, as well as, financial close and reporting.

*Self-Insurance Receipts*

The County utilized a third-party administrator (UMR) to administer the Self-Insurance fund. UMR made deposits and paid claims from the Old National Bank Account. The Payroll Clerk of the County posted transactions to the ONB - Health Insurance Acct fund based on transactions from the bank statement. There was not a review, verification, and approval of the receipts deposited to the bank account.

*Financial Transactions and Reporting*

The County did not have a system of internal control in place to prevent, or detect and correct, errors in the preparation of the financial statement. The County Auditor entered the financial information into the Indiana Gateway for Government Units financial reporting system, which was the source of the financial statement, without an oversight or review process to ensure its accuracy.

*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. . . .

COUNTY AUDITOR  
FOUNTAIN COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

**MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND**

*Condition and Context*

Internal controls were not in place to ensure compliance with State Examiner Directive 2018-2 regarding disbursements from the MVH Restricted sub-fund. One disbursement was made for activities not related to the construction, reconstruction, and preservation of the County's highways. This disbursement included the purchase of a mower for \$20,364. Documentation was not maintained showing that the mower was only utilized for construction, reconstruction, or preservation purposes.

*Criteria*

Indiana Code 8-14-1-4(b) states: "Except as provided in subsection (c), for funds distributed to a county from the motor vehicle highway account, the county shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the county's highways."

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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**ORDINANCES AND RESOLUTIONS**

The same comment also appeared in prior Report 000000651S.

*Condition and Context*

Internal controls were not in place to ensure there was a rationale or methodology for the frequency and amount of transfers. Transfers were made from the General Fund and Health Insurance fund to the ONB - Health Insurance Acct fund to fund the self-insurance program offered by the County. There was no ordinance or resolution documenting the rationale and methodology for the frequency and amount of the transfers.

COUNTY AUDITOR  
FOUNTAIN COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

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

COUNTY AUDITOR  
FOUNTAIN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 21, 2024, with Colleen Chambers, County Auditor; Kim Johnson, Deputy County Auditor; Brenda Hardy, President of the Board of County Commissioners; and Dudley Cruea, President of the County Council.



COUNTY TREASURER  
FOUNTAIN COUNTY

COUNTY TREASURER  
FOUNTAIN COUNTY  
AUDIT RESULT AND COMMENT

**INVESTMENTS**

*Condition and Context*

Internal controls were not in place to ensure that County funds were only in the custody of the County Treasurer or approved depository. In 2023, the County Treasurer transferred \$2,500,000 from an approved depository to an investment company, who then invested the funds on behalf of the County. The County should ensure that all treasury funds are under the custody of the County Treasurer and are deposited exclusively in depositories approved under Indiana Code 5-13-9-5 to maintain compliance with state laws.

*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.
  - (C) A federal government sponsored enterprise.
- (3) Repurchase agreements full collateralized by obligations described in subdivision (1) or (2). . . ."

COUNTY TREASURER  
FOUNTAIN COUNTY  
AUDIT RESULT AND COMMENT  
(Continued)

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)

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 TREASURER  
FOUNTAIN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 21, 2024, with Brenda Hardy, President of the Board of County Commissioners, and Dudley Cruea, President of the County Council; and on November 25, 2024, with Susan Coffing, County Treasurer.