

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

POSEY COUNTY, INDIANA

January 1, 2022 to December 31, 2023



FILED

11/06/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
County Auditor:	
Audit Result and Comment:	
Motor Vehicle Highway (MVH) - Restricted Fund Disbursements	6
Exit Conference	7
County Highway:	
Audit Result and Comment:	
Motor Vehicle Highway (MVH) - Restricted Fund Disbursements	10
Exit Conference	11
Clerk of the Circuit Court:	
Audit Result and Comment:	
Internal Controls	14-15
Exit Conference	16

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Maegan L. Greenwell	01-01-22 to 12-31-24
County Treasurer	Vicki J. Peerman	01-01-22 to 12-31-24
Clerk of the Circuit Court	Kay Kilgore	01-01-22 to 12-31-24
County Sheriff	Thomas E. Latham, Jr.	01-01-22 to 12-31-24
County Recorder	Mary Rhoades Christine A. Hoehn	01-01-22 to 12-31-22 01-01-23 to 12-31-24
County Highway Superintendent	Stephen Schenk	01-01-22 to 12-31-24
President of the Board of County Commissioners	Bill Collins	01-01-22 to 12-31-24
President of the County Council	Heather Allyn	01-01-22 to 12-31-24



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 POSEY COUNTY, INDIANA

This report is supplemental to the audit report of Posey County (County), for the period from January 1, 2022 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/.

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

October 22, 2024

(This page intentionally left blank.)

COUNTY AUDITOR
POSEY COUNTY

COUNTY AUDITOR
POSEY COUNTY
AUDIT RESULT AND COMMENT

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND DISBURSEMENTS

A similar comment appeared in prior Reports B58768 and B59469, entitled *MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND DISBURSEMENTS*.

Condition and Context

The County Auditor did not have adequate internal controls in place over disbursements to ensure compliance with Motor Vehicle Highway (MVH) - Restricted Fund disbursements. Of the ten MVH Restricted fund disbursements tested, two were for activities not specifically related to construction, reconstruction, or preservation of the County's highways. Both disbursements were for personnel services used for mowing.

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:

"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
POSEY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 22, 2024, with Maegen L. Greenwell, County Auditor; Shelley Hargrove, Chief Deputy County Auditor; Bill Collins, President of the Board of County Commissioners; Heather Allyn, President of the County Council; and David Dausman, County Council member.

(This page intentionally left blank.)

COUNTY HIGHWAY
POSEY COUNTY

COUNTY HIGHWAY
POSEY COUNTY
AUDIT RESULT AND COMMENT

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND DISBURSEMENTS

A similar comment appeared in prior Reports B58768 and B59469, entitled *MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND DISBURSEMENTS*.

Condition and Context

The County Highway did not have adequate internal controls in place over disbursements to ensure compliance with Motor Vehicle Highway (MVH) - Restricted Fund disbursements. Of the ten MVH Restricted fund disbursements tested, two were for activities not specifically related to construction, reconstruction, or preservation of the County's highways. Both disbursements were for personnel services used for mowing.

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:

"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 HIGHWAY
POSEY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 22, 2024, with Stephen Schenk, County Highway Superintendent; Angela Wiley, Cost Clerk of the Highway Department; Bill Collins, President of the Board of County Commissioners; Heather Allyn, President of the County Council; and David Dausman, County Council member.

(This page intentionally left blank.)

CLERK OF THE CIRCUIT COURT
POSEY COUNTY

CLERK OF THE CIRCUIT COURT
POSEY COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

A similar comment also appeared in prior Reports B58768 and B59469, entitled *INTERNAL CONTROLS*.

Condition and Context

The Clerk of the Circuit Court (Clerk) did not have adequate internal controls in place over cash and investments and financial close and reporting.

Cash and Investments - Bank Reconcilements

The bank reconciliation was prepared by the Chief Deputy Clerk without a review or approval process to prevent, or detect and correct, errors.

Financial Close and Reporting

The Clerk did not have adequate internal controls in place to ensure the accuracy of information reported in the Supplemental Annual Financial Report (CAR-1). The CAR-1 was compiled and provided to the County Auditor without a documented oversight or review process in place to ensure the accuracy of the information. The CAR-1 contained errors which were not detected.

The Clerk was required to complete the CAR-1 and provide it to the County Auditor for inclusion in the County's financial statements. The CAR-1 from the Clerk for 2022 was overstated in receipts by \$6,275 and disbursements by \$7,510, which resulted in an understatement of the ending cash and investment balance at December 31, 2022 and 2023, of \$1,235.

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:

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

"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 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
POSEY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 22, 2024, with Kay Kilgore, Clerk of the Circuit Court; Donna Curtis, Superior Chief Deputy Clerk; Jaime Simpson, Circuit Chief Deputy Clerk; Bill Collins, President of the Board of County Commissioners; Heather Allyn, President of the County Council; and David Dausman, County Council member.