

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

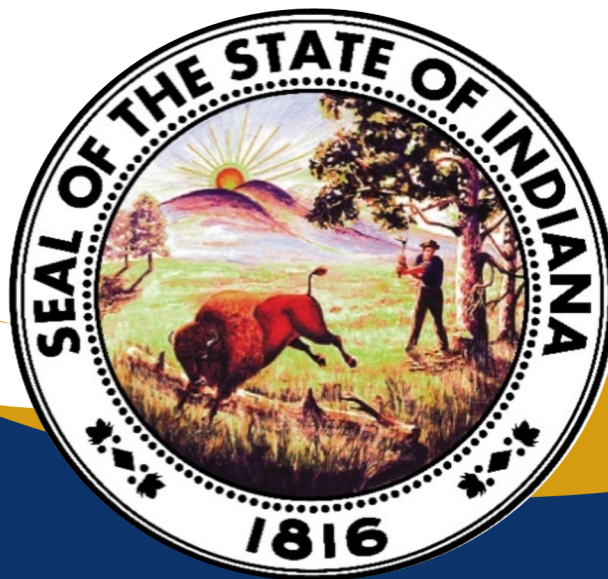
**Paul D. Joyce, CPA
State Examiner**

SUPPLEMENTAL COMPLIANCE REPORT

OF

SCOTT COUNTY, INDIANA

January 1, 2022 to December 31, 2023



FILED
12/26/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Tammy Stout Johnson Jennifer Rode Hamelman	01-01-22 to 12-31-22 01-01-23 to 12-31-24
County Treasurer	Missy Applegate	01-01-22 to 12-31-24
Clerk of the Circuit Court	Wendy McClain Michelle Shelton	01-01-22 to 02-24-22 02-25-22 to 12-31-24
County Sheriff	Jerry D. Goodin	01-01-22 to 12-31-24
County Recorder	Sheryl Jent	01-01-22 to 12-31-24
President of the Board of County Commissioners	Mike Jones	01-01-22 to 12-31-24
President of the County Council	Rachael Hardin Lyndi Hughbanks James R. Ward	01-01-22 to 12-31-22 01-01-23 to 12-31-23 01-01-24 to 12-31-24



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF SCOTT COUNTY, INDIANA

This report is supplemental to the audit report of Scott 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

December 11, 2024



COUNTY AUDITOR
SCOTT COUNTY

COUNTY AUDITOR
SCOTT COUNTY
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

A similar comment appeared in a Management Letter addressed to the Officials of Scott County for the period ending December 31, 2021.

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. The County had not established effective internal controls over the information submitted in the AFR, which resulted in the following errors:

Financial Information

In 2022 and 2023, financial information was not properly reported into Gateway, which resulted in the under/overstatement of receipts, disbursements, and cash and investments balances, as noted in the table below:

Year	Fund	Beginning	Receipts	Disbursements	Ending
		Cash and Investments (Under)/Overstated	(Under)/Overstated	(Under)/Overstated	Cash and Investments (Under)/Overstated
2022	Sheriff's Inmate Trust Fund	\$ (64,416)	\$ (494,027)	\$ (564,132)	\$ 5,689
2022	Clerk's Trust	(29,692)	(307,678)	(314,847)	(22,523)
2022	Scott County Visitor's Commission	(180,000)	-	-	(180,000)
2022	Sheriff Commissary	(30,624)	(513,010)	(498,857)	(44,777)
2022	Sheriff's Evidence	(61,530)	(12,884)	(11,769)	(62,645)
2022	2015 New Reassessment	60	-	-	60
2022	NACCHO Award	6,000	-	-	6,000
2022	CRI-Cities Readiness	6,963	-	-	6,963
2022	HIV OSS/PREV 2020 93,917	-	-	10,139	(10,139)
2022	HIV-STATE REIMBURSEMENT	-	-	8,647	(8,647)
2022	CARES Provider Relief Fund	-	-	150	(150)
2023	County General Fund	-	3,722,923	-	3,722,923
2023	Clerk's Trust	-	(117,852)	-	(117,852)
2023	Scott County Visitor's Commission	-	(19,328)	(472,987)	453,659
2023	Sheriff Commissary	-	(151,348)	(164,528)	13,180
2023	Sheriff's Evidence	-	(9,310)	(13,652)	4,342

Adjustments were proposed, accepted by the County, and made to the AFR.

Grant Information

The grant schedule within the 2022 AFR included the following errors:

- The Highway Planning and Construction Cluster was overstated by \$412,504.
- Twenty-four grants had individually immaterial errors that resulted in a misstatement of expenditures in the amount of \$582,596 in total.
- Other errors included incorrect Assistance Listings Number, program names, and identifying numbers.

The grant schedule within the 2023 AFR included the following errors:

- The Highway Planning and Construction was overstated by \$357,123.
- Twelve grants had individually immaterial errors that resulted in a misstatement of expenditures in the amount of \$370,842 in total.
- Other errors included incorrect cluster and program names.

COUNTY AUDITOR
SCOTT COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Capital Assets

The County was unable to provide a detailed capital asset record to support the capital asset amounts reported in the AFR for 2022 and 2023. The County approved the omission of the Schedule of Capital Assets from the Financial Statement Audit Report of the County.

Payables and Receivables

The County was unable to provide records to support the accounts payable and accounts receivable amounts reported in the AFR. The County approved the omission of the Schedule of Payables and Receivables from the Financial Statement Audit Report of the County.

Leases and Debt

The County incorrectly reported a lease as debt in 2023, which overstated the ending principal balance by \$3,611,238 and principal due within one year by \$430,000. A loan was also incorrectly reported in 2023, which understated ending principal balance by \$36,457 and overstated principal due within one year by \$203,817.

Adjustments were proposed, accepted by the County, and made to the AFR.

Investment Fund Statement

The County held an investment for 2022 and 2023, but an Investment Fund Statement was not properly reported in Gateway.

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
SCOTT COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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](#)."

INTERNAL CONTROLS

Condition and Context

The lack of effective internal controls resulted in noncompliance over the following areas:

- Overdrawn Cash Balances
- Capital Assets
- Penalties, Interest, and Other Charges
- Certification on Internal Control Standards

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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OVERDRAWN CASH BALANCES

A similar comment appeared in a Management Letter addressed to the Officials of Scott County for the period ending December 31, 2021.

COUNTY AUDITOR
SCOTT COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Condition and Context

There were funds at year-end 2022 and 2023 with negative cash balances reported on the Annual Financial Report (AFR). The AFR included grant and payroll withholding clearing funds that were not reimbursed timely, as well as funds that remained negative due to posting errors in prior periods and as a result of disbursements exceeding receipts and available funds on hand. The following funds had over-drawn cash balances as of December 31, 2022 and 2023:

Fund	Amount Overdrawn December 31, 2022	Amount Overdrawn December 31, 2023
County General Fund	\$ -	\$ 473,407
Community Misdemeanant Fund	-	44,614
Sasco Waste Management	18,480	-
Payroll Cagit	32,840	32,840
Payroll Fund	-	1,600
Payroll Life Ins	9,174	5,524
Payroll Security Mutual Life	4,052	3,848
Payroll State Gross	2,607	2,607
Payroll E-Loan Pmt	-	270
Pre-Disaster Mit 97.047	-	15,098
Violence Agnst Women	68,799	65,877
COPS GRANT	45,373	74,081
STOP Grant (Sheriff)	8,223	8,269
IMMUNIZATION 2018/2019	1,166	1,166
SSP Support 2019	3,404	-
HIV Care Coordination 2019/20	624	-
Sheriff Inmate Housing	296	1,361
HIV CC 20/21 (2)	-	6,998
Coronavirus Emerg Supplemental	-	3,870
SSP SUPPORT 2020 93.940	5,154	-
HIV CC 20/21	55,993	-
LARE Project	17,165	2,043
Sheriff-City Cleanup	15,000	15,000
LARE Project #2	849	2,099
Immunization 22/23	27,659	-
HIV CC 22/24 CFDA 93.917	16,580	-
PHEP 2022/23 CFDA 93.069	4,871	334
Immunization 23/24	-	6,376
2016 SHSP SUSTAINMENT #97.0	9	9
HIV Care Coordination 2018-19	4,711	-

COUNTY AUDITOR
SCOTT 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 County Auditors of Indiana, Chapter 1)

CAPITAL ASSETS

A similar comment also appeared in prior Report B59903, entitled *CAPITAL ASSETS*.

Condition and Context

The County has adopted a capital asset policy that includes a threshold at which an item is considered a capital asset. However, the County had not properly maintained a complete inventory of capital assets owned. No detailed capital asset ledger or proof that a capital asset inventory had been conducted in the last two years was provided for audit.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

PENALTIES, INTEREST, AND OTHER CHARGES

Condition and Context

Late fees, totaling \$1,724, were paid by the County on vehicle loan payments during 2022. The vehicles were purchased for the County Sheriff's use by the County on August 30, 2019. The borrower on the commercial security agreement from the lender is the Board of County Commissioners of Scott County.

Late fees, totaling \$1,467, were paid by the Sheriff's Commissary on vehicle loan payments during 2023. The vehicles were purchased for the County Sheriff's use by the County on July 20, 2021. The borrower on the promissory note from the lender is the Board of County Commissioners of Scott County.

Criteria

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

COUNTY AUDITOR
SCOTT COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The County Auditor certified on the Indiana Gateway for Government Units financial reporting system that all personnel had received training on internal control standards; however, documentation was not provided to show that training had occurred for 2 out of the 11 personnel hired in 2022 and 2023 that were tested.

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](#)."

COUNTY AUDITOR
SCOTT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 11, 2024, with Jennifer Rode Hamelman, County Auditor; Kinley Harmon, Chief Deputy County Auditor; Randy Julian, County Commissioner; and Jonathan L. White, County Council member.

CLERK OF THE CIRCUIT COURT
SCOTT COUNTY

CLERK OF THE CIRCUIT COURT
SCOTT COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER DISBURSEMENTS

Condition and Context

We were unable to verify the internal controls over the disbursements of the Clerk of the Circuit Court (Clerk) funds for the audit period. Deficiencies in internal controls could allow errors to occur and remain undetected. The established internal control was for disbursements to be made by the Bookkeeper and reviewed by the Clerk; however, the disbursement documentation and reports retained for audit did not present any evidence of an oversight, review, or approval process.

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. . . ."

CLERK OF THE CIRCUIT COURT
SCOTT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 11, 2024, with Michelle Shelton, Clerk of the Circuit Court; Trish Hall, Bookkeeper (Clerk of the Circuit Court's Office); Tammy Yocum, Bookkeeper (Clerk of the Circuit Court's Office); Randy Julian, County Commissioner; and Jonathan L. White, County Council member.



COUNTY TREASURER
SCOTT COUNTY

COUNTY TREASURER
SCOTT COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

A similar comment also appeared in prior Report B57300, entitled *INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING - COUNTY TREASURER*, and prior Report B59903, entitled *INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING - COUNTY TREASURER*.

Condition and Context

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

A review process was in place for bank reconciliations; however, it was not effective. In 2023, bank reconciliations were performed monthly but contained numerous errors, and reconciliations did not reconcile to the audited financial statements, County fund's ledger, and the County Treasurer's Cash Book as of December 31, 2023.

Audit procedures re-creating the December 31, 2023 reconciliation noted the following errors:

- The reconciliation included numerous unidentified reconciling items which were not being investigated and corrected timely.
- Electronic fund transfer disbursements were listed as outstanding in error.
- A certificate of deposit was not identified as a reconciling item.

The bank reconciliation noting the items above for December 31, 2023, indicated a cash long balance of \$131,243 when compared to the County's funds within the audited financial statements and a cash long balance of \$342,419 when compared to total cash and investments, per the County Treasurer's Cash Book.

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:

COUNTY TREASURER
SCOTT 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.

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Indiana Code 5-13-5-1(a) states:

"Every public officer who receives or distributes public funds shall:

- (1) keep a cashbook into which the public officer shall enter daily, by item, all receipts of public funds; and
- (2) balance the cashbook daily to show funds on hand at the close of each day."

The Treasurer's Daily Balance of Cash and Depositories, Form 47, is the record prescribed to enable the treasurer to comply with IC 5-13-5-1. It reflects the daily receipts and disbursements, total amount of cash and investments on hand, and a proof of the financial condition of the office at the close of each day. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 5)

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

COUNTY TREASURER
SCOTT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 11, 2024, with Missy Applegate, County Treasurer; Randy Julian, County Commissioner; and Jonathan L. White, County Council member.

COUNTY SHERIFF
SCOTT COUNTY

COUNTY SHERIFF
SCOTT COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

A similar comment also appeared in prior Reports B57300, entitled *INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING - COUNTY SHERIFF*, and prior Report B59903, entitled *INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING - COUNTY SHERIFF*.

Condition and Context

There were several deficiencies in the internal control system of the County Sheriff's Department related to financial transactions and reporting.

Sheriff Commissary Fund

Internal controls over bank reconcilements were not effective in preventing or detecting and correcting errors. A re-creation of December 31, 2022 and 2023 bank reconcilements noted a cash short required to balance of \$14,842 and \$14,841, respectively.

In a comparison of the Commissary ledger and bank activity, immaterial variances were identified. Due to these variances, the Commissary's supplemental financial reports (CAR-1) prepared by the County Sheriff for inclusion in the County's Annual Financial Report (AFR) did not properly reflect the activity of the Sheriff Commissary fund for 2022 and 2023.

Adjustments were proposed, accepted by the County, and made to the AFR.

Sheriff Inmate Trust

Internal controls over bank reconcilements were not effective in preventing, or detecting and correcting, errors. A re-creation of December 31, 2022 and 2023 bank reconcilements noted a cash short required to balance of \$3,931 and \$5,596, respectively.

Sheriff Evidence fund

Internal controls over bank reconcilements were not effective to ensure monthly bank reconcilements were performed. Monthly bank reconcilements were not prepared during the audit period.

Internal controls were not in place to verify supplemental financial reports (CAR-1) were prepared and submitted to the County Auditor. The County Sheriff did not prepare CAR-1 reports for inclusion in the County's AFR for 2022 and 2023. Financial activity was abstracted from ledgers and bank activity to be included in the County's AFR.

Adjustments were proposed, accepted by the County, and made to the AFR.

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:

COUNTY SHERIFF
SCOTT COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance 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 Counties of Indiana, Chapter 1)

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)

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)

INTERNAL CONTROLS

Condition and Context

The lack of effective internal controls resulted in noncompliance over the following areas:

- Penalties, Interest, and Other Charges
- Monthly and Annual Uploads

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:

COUNTY SHERIFF
SCOTT COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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PENALTIES, INTEREST, AND OTHER CHARGES

Condition and Context

Late fees, totaling \$1,467, were paid by the Sheriff's Commissary on vehicle loan payments during 2023. The vehicles were purchased for the County Sheriff's Department use by the County on July 20, 2021. The borrower on the promissory note from the lender is the Board of County Commissioners of Scott County.

Criteria

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

MONTHLY AND ANNUAL UPLOADS

The same comment also appeared in prior Report B59903.

Condition and Context

The files and governmental unit information that are required to be uploaded monthly by the County Sheriff include bank reconciliations, bank statements, outstanding check lists, and cash balance reports.

Annual upload requirements include the inmate trust subsidiary detail.

The County Sheriff did not comply with the State Examiner Directive and failed to upload any of the monthly and annual files on the Indiana Gateway for Government Units financial reporting system for 2022 and 2023.

COUNTY SHERIFF
SCOTT COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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, and 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)

COUNTY SHERIFF
SCOTT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 11, 2024, with Jerry D. Goodin, County Sheriff; Amy Beverly, Chief Financial Officer (County Sheriff's Department); Patti Combs, Chief of Internal Operation (County Sheriff's Department); Randy Julian, County Commissioners; and Jonathan L. White, County Council member.

BOARD OF COUNTY COMMISSIONERS
SCOTT COUNTY

BOARD OF COUNTY COMMISSIONERS
SCOTT COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

Condition and Context

The lack of effective internal controls resulted in noncompliance over the following areas:

- Training on Internal Control Standards
- Penalties, Interest, and Other Charges

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. . . ."

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

The County was unable to provide documentation that all new personnel hired in 2022 and 2023 had received training on internal control standards as required by Scott County Ordinance 2016-005. Of the 11 employees tested, 2 had not received training.

Criteria

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

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

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

BOARD OF COUNTY COMMISSIONERS
SCOTT COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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

PENALTIES, INTEREST, AND OTHER CHARGES

Condition and Context

Late fees, totaling \$1,724, were paid by the County on vehicle loan payments during 2022. The vehicles were purchased for the County Sheriff's use by the County on August 30, 2019. The borrower on the commercial security agreement from the lender is the Board of County Commissioners of Scott County.

Late fees, totaling \$1,467, were paid by the Sheriff Commissary on vehicle loan payments during 2023. The vehicles were purchased for the County Sheriff's use by the County on July 20, 2021. The borrower on the promissory note from the lender is the Board of County Commissioners of Scott County.

Criteria

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

BOARD OF COUNTY COMMISSIONERS
SCOTT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 11, 2024, with Randy Julian, County Commissioner, and Jonathan L. White, County Council member.