

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

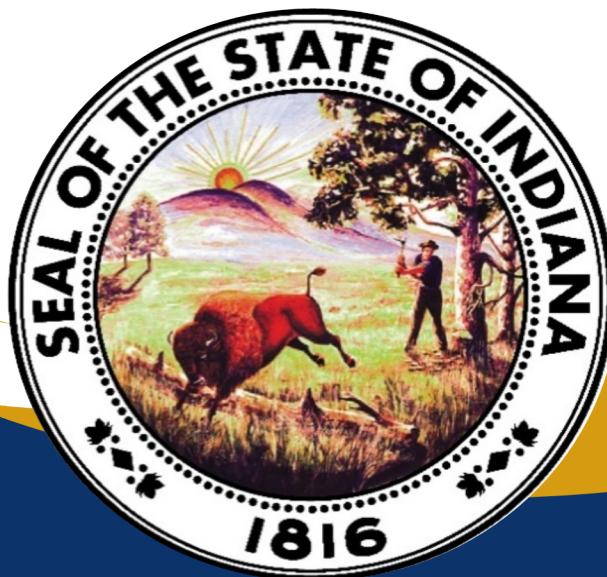
**Paul D. Joyce, CPA  
State Examiner**

SUPPLEMENTAL COMPLIANCE REPORT

OF

BLACKFORD 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	Sharon L. Hartley Lisa Simmons	01-01-23 to 09-27-24 09-28-24 to 12-31-24
County Treasurer	Dana Turner	01-01-23 to 12-31-24
Clerk of the Circuit Court	Kimberly Pitts	01-01-23 to 12-31-24
County Sheriff	James Heflin	01-01-23 to 12-31-24
County Recorder	Kelli J. Shriver	01-01-23 to 12-31-24
President of the Board of County Commissioners	John Lancaster	01-01-23 to 12-31-24
President of the County Council	Jack D. Beckley	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  
Fax: (317) 232-4711  
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TO: THE OFFICIALS OF BLACKFORD COUNTY, INDIANA

This report is supplemental to the audit report of Blackford 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

December 18, 2024



COUNTY AUDITOR  
BLACKFORD COUNTY

COUNTY AUDITOR  
BLACKFORD COUNTY  
AUDIT RESULTS AND COMMENTS

**CAPITAL ASSETS INVENTORY LISTING**

Similar comments also appeared in prior Reports B58913 and 81089C, entitled *CAPITAL ASSETS*.

*Condition and Context*

The County had not properly designed or implemented internal controls over the capital asset inventory.

The County did not complete a physical inventory for the years 2021-2023.

*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)

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. . . ."

**CERTIFICATION ON INTERNAL CONTROL TRAINING**

The same comment also appeared in prior Report 81089C.

*Condition and Context*

The Town did not have adequate internal controls in place to ensure that certifications were correct.

The County Auditor certified on the Indiana Gateway for Government Units financial reporting system that all personnel defined by Indiana Code 5-11-1-27 had received training concerning the internal control standards adopted by the County. However, during the engagement, the County could not provide documentation showing all appropriate personnel had received training concerning the internal control standards.

COUNTY AUDITOR  
BLACKFORD COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

*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](#)."

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

*Condition and Context*

The County did not have adequate internal controls in place to ensure that all transactions from the MVH Restricted fund were allowable.

When testing compliance for MVH Restricted fund disbursements, a total of 12 of the 25 disbursements tested were for costs that were not construction, reconstruction, and preservation of the County's highways and included items such as gravel in the amount of \$10,897, supplies in the amount of \$550, payroll in the amount of \$24,654, and other expenses in the amount of \$196.

*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 purpose of this Directive is to authorize and require counties, cities, and towns that receive distributions from the State Motor Vehicle Highway Account to **create a new sub-fund within the MVH Fund** to properly manage and account for the usage restrictions that were included in House Enrolled Act 1002-2017 and House Enrolled Act 1290-2018.

COUNTY AUDITOR  
BLACKFORD COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

The sub-fund will be referred to throughout this Directive as "MVH Restricted" and will be used to account for MVH monies which have been statutorily restricted for construction, reconstruction, and preservation purposes. . . .

Starting on January 1, 2019, the political subdivision must post at the time of receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted.

(State Examiner Directive 2018-2)

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COUNTY AUDITOR  
BLACKFORD COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 18, 2024, with Lisa Simmons, County Auditor; Sharon L. Hartley, former County Auditor; John Lancaster, President of the Board of County Commissioners; Dan Borgenheimer, County Commissioner; Laura Coons, County Commissioner; Jack D. Beckley, President of the County Council; Ryan Goodspeed, County Council member; Fred Tobey, County Council member; Wim Weiseman, County Council member; Kyle Lechien, County Council member; Patrick Cale, County Council member; and Karen Mealy, County Council member.



COUNTY COUNCIL  
BLACKFORD COUNTY

COUNTY COUNCIL  
BLACKFORD COUNTY  
AUDIT RESULT AND COMMENT

**TRAINING ON INTERNAL CONTROL STANDARDS**

The same comment also appeared in prior Report 81089C.

*Condition and Context*

Internal controls over training on internal control standards was insufficient to ensure compliance with internal control training requirements. The County did not provide internal control training to all appropriate employees as required by Indiana Code.

*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."

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