

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

KOSCIUSKO COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED

09/09/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
County Auditor:	
Audit Results and Comments:	
Capital Assets	6-7
Annual Financial Report - Other Information	7-8
Exit Conference	9

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Rhonda J. Helser Alyssa Schmucker	01-01-23 to 08-31-24 09-01-24 to 12-31-24
County Treasurer	Michelle L. Puckett	01-01-23 to 12-31-24
Clerk of the Circuit Court	Ann M. Torpy	01-01-23 to 12-31-24
County Sheriff	Jim Smith	01-01-23 to 12-31-24
County Recorder	Deborah Wright	01-01-23 to 12-31-24
President of the Board of County Commissioners	Bradford Jackson Robert Conley	01-01-23 to 12-31-23 01-01-24 to 12-31-24
President of the County Council	Mike Long	01-01-23 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF KOSCIUSKO COUNTY, INDIANA

This report is supplemental to the audit report of Kosciusko 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/.

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

August 22, 2024

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COUNTY AUDITOR
KOSCIUSKO COUNTY

COUNTY AUDITOR
KOSCIUSKO COUNTY
AUDIT RESULTS AND COMMENTS

CAPITAL ASSETS

Condition and Context

Internal control deficiencies resulted in the following noncompliance:

The County had a capital assets policy that detailed the threshold at which an item is considered a capital asset. Each County department certified that a complete physical inventory had been taken in 2023, and their departmental capital asset ledger submitted to the County Auditor was accurate. The County Auditor compiled all departments into one combined, detailed County capital asset listing (listing); however, it was not properly maintained. The categories below contained the following errors:

Land

The County owned 74 parcels of land; however, only 3 parcels were included in the listing, and the acquisition cost of those 3 parcels was materially overstated at \$4,900,000.

Buildings

The listing incorrectly included four items listed as buildings that were less than \$100,000, which was the capitalization threshold for buildings and building improvements per the County's capital asset policy.

Infrastructure

The County is responsible for over 11,685 miles of roadway and an unknown number of bridges; however, the County did not include any infrastructure on the listing, which is presumed to be materially understated.

Improvements Other Than Buildings

A visible observation of County-owned property while performing the audit indicated that improvements other than buildings have been added to parcels owned by the County; however, none of those items were included in the listing. One item in the amount of \$10,000 was incorrectly categorized as improvements other than buildings but appeared to actually be an improvement to a building. This item also did not follow the County's capital asset policy which states that improvements other than buildings should be capitalized if the improvement exceeds the threshold of \$200,000.

Equipment

The County improperly included 695 pieces of machinery and equipment in the listing that did not reach the capitalization threshold of \$30,000 per the County's capital asset policy. The County included the Health Department's 2023 Chevy Silverado but incorrectly listed the acquisition cost as \$15,340. The actual cost of the vehicle was \$49,000 prior to the trade-in credit of the Health Department's 2021 Chevy Silverado. The County added a County Sheriff's 2023 Dodge Durango to the listing but omitted the acquisition value. The County omitted from the listing the County Sheriff's 2017 Nissan Pathfinder purchased on May 2, 2023.

COUNTY AUDITOR
KOSCIUSKO COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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. . . ."

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

A similar comment also appeared in prior Report B61680, entitled *ANNUAL FINANCIAL REPORT - OTHER INFORMATION*.

Condition and Context

Internal control deficiencies resulted in the following noncompliance:

Financial and other information are required to be entered annually into the Annual Financial Report via the Indiana Gateway for Government Units (Gateway) financial reporting system. The capital asset amounts reported in Gateway did not agree to the detailed capital asset listing. Errors were noted in the detailed capital asset listing provided. As a result, the County approved the omission of the Schedule of Capital Assets from the Financial Statement Audit Report of the County.

COUNTY AUDITOR
KOSCIUSKO 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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COUNTY AUDITOR
KOSCIUSKO COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 22, 2024 with Rhonda J. Helser, County Auditor; Alyssa Schmucker, Chief Deputy County Auditor; Michelle L. Puckett, County Treasurer; Robert Conley, President of the Board of County Commissioners; Mike Long, President of the County Council; Kathleen Groninger, Vice President of the County Council; and Sue Ann Mitchell, County Council member.