

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WELLS COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED
08/16/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Lisa K. McCormick	01-01-23 to 12-31-24
County Treasurer	Kathy J. Peeper	01-01-23 to 12-31-24
Clerk of the Circuit Court	Beth J. Davis	01-01-23 to 12-31-24
County Sheriff	Scott A. Holiday	01-01-23 to 12-31-24
County Recorder	Carolyn C. Bertsch	01-01-23 to 12-31-24
President of the Board of County Commissioners	Michael K. Vanover Jeff Stringer	01-01-23 to 12-31-23 01-01-24 to 12-31-24
President of the County Council	Seth Whicker	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 WELLS COUNTY, INDIANA

This report is supplemental to the audit report of Wells 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 5, 2024

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BOARD OF COUNTY COMMISSIONERS
WELLS COUNTY

BOARD OF COUNTY COMMISSIONERS
WELLS COUNTY
AUDIT RESULT AND COMMENT

PUBLIC PURCHASES - SPECIAL PURCHASING METHOD

Condition and Context

The County did not have proper internal controls in place over special (emergency) purchases. The County was unable to provide documentation for the emergency purchase of two dump truck chassis during the audit period in the amount of \$249,864. The County did not provide the basis required for the special purchase for the required time frame per the Indiana Code.

Criteria

Indiana Code 5-22-10-1 states: "Notwithstanding any other provision of this article, a purchasing agent may make a purchase under this chapter without soliciting bids or proposals."

Indiana Code 5-22-10-3 states:

"(a) A purchasing agent shall maintain the contract records for a special purchase in a separate file.

(b) A purchasing agent shall include in the contract file a written determination of the basis for:

- (1) the special purchase; and
- (2) the selection of a particular contractor.

(c) Notwithstanding any other law, a governmental body shall maintain a record listing all contracts made under this chapter for a minimum of five (5) years. The record must contain the following information:

BOARD OF COUNTY COMMISSIONERS
WELLS COUNTY
AUDIT RESULT AND COMMENT
(Continued)

- (1) Each contractor's name.
- (2) The amount and type of each contract.
- (3) A description of the supplies purchased under each contract.
- (d) The contract records for a special purchase are subject to audit by the state board of accounts."

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. . . ."

BOARD OF COUNTY COMMISSIONERS
WELLS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 5, 2024, with Lisa K. McCormick, County Auditor; Jeff Stringer, President of the Board of County Commissioners; Seth Whicker, President of the County Council; and Vicki Andrews, County Council member.

COUNTY AUDITOR
WELLS COUNTY

COUNTY AUDITOR
WELLS COUNTY
AUDIT RESULT AND COMMENT

ANNUAL FINANCIAL REPORT

Condition and Context

The County had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Schedule of Expenditures of Federal Awards (SEFA).

The County did not properly review the federal grant information prepared and submitted in Gateway. Although one employee prepared and entered the federal award information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect and allow the correction of material errors prior to submission.

Due to the lack of effective internal controls, a State and Local Fiscal Recovery Funds grant award passed through the Indiana Finance Authority in the amount of \$122,157 was not reported on the SEFA.

An audit adjustment was proposed, accepted by the County, and made to the SEFA presented in the Federal Compliance Audit Report of the County.

Criteria

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The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for County Auditors of Indiana, Chapter 1)

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