

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

HANCOCK COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED

08/06/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Debra Carnes	01-01-23 to 12-31-24
County Treasurer	Jane Klemme	01-01-23 to 12-31-24
Clerk of the Circuit Court	Lisa Lofgreen	01-01-23 to 12-31-24
County Sheriff	Brad Burkhart	01-01-23 to 12-31-24
County Recorder	Marcia Moore	01-01-23 to 12-31-24
President of the Board of County Commissioners	Bill Spaulding	01-01-23 to 12-31-24
President of the County Council	Jeannine Gray	01-01-23 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF HANCOCK COUNTY, INDIANA

This report is supplemental to the audit report of Hancock 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

June 27, 2024

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COUNTY AUDITOR
HANCOCK COUNTY

COUNTY AUDITOR
HANCOCK COUNTY
AUDIT RESULT AND COMMENT

ANNUAL FINANCIAL REPORT

A similar comment appeared in a Management Letter addressed to the County Auditor for the audit period ending December 31, 2022.

Condition and Context

Internal controls were not in place to ensure compliance with reporting financial and other information. 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 investment fund information was not entered into Gateway for 2023.

Criteria

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 Counties 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. . . ."

COUNTY AUDITOR
HANCOCK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 27, 2024, with Debra Carnes, County Auditor; Jeannine Gray, President of the County Council; and Bill Spaulding, President of the Board of County Commissioners.

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COUNTY SHERIFF
HANCOCK COUNTY

COUNTY SHERIFF
HANCOCK COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

Condition and Context

Proper internal controls, including segregation of duties, had not been established for the County Sheriff's office. One individual was responsible for performing bank reconciliations without a documented oversight, review, or approval process to ensure the accuracy of the financial transactions and reporting.

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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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 SHERIFF
HANCOCK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 26, 2024, with Robert Campbell, Chief Deputy County Sheriff.