

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

LAGRANGE COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED
07/22/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Kathryn A. Hopper	01-01-23 to 12-31-24
County Treasurer	Connie J. Brower	01-01-23 to 12-31-24
Clerk of the Circuit Court	Kimberly L. Johnson	01-01-23 to 12-31-24
County Sheriff	Tracy M. Harker	01-01-23 to 12-31-24
County Recorder	Sheila J. Getz	01-01-23 to 12-31-24
President of the Board of County Commissioners	Terry A. Martin	01-01-23 to 12-31-24
President of the County Council	Michael G. Strawser	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 LAGRANGE COUNTY, INDIANA

This report is supplemental to the audit report of LaGrange 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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CLERK OF THE CIRCUIT COURT
LAGRANGE COUNTY

CLERK OF THE CIRCUIT COURT
LAGRANGE COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

Condition and Context

There were deficiencies in the internal control system of the Clerk of the Circuit Court (Clerk) related to financial transactions and balances.

Cash

The Clerk performs monthly depository reconciliations of the Trust and ISETS ledger to the bank account balances. There was no evidence of an oversight, review, or approval process of the monthly bank reconciliations completed by a separate employee.

Disbursements

Twice a month, the Clerk prints checks, verifies them to a financial system batch report, and then mails them. There was no evidence of an oversight, review, or approval process of these disbursements completed by a separate employee.

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. . . ."

STALE DATED OUTSTANDING CHECKS (WARRANTS)

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

CLERK OF THE CIRCUIT COURT
LAGRANGE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Condition and Context

The Clerk had not designed and implemented effective internal controls over stale dated outstanding checks. The lack of effective internal controls allowed noncompliance to go undetected during the audit period.

The Clerk has multiple Trust checks on the Trust outstanding check lists that are stale as of December 31, 2023. The Trust account had 42 total checks totaling \$5,238 from 2016, \$853 from 2017, \$95 from 2018, \$2,000 from 2019, and \$292 from 2020 that should have been voided and sent to the Attorney General.

Criteria

Indiana Code 32-34-1.5-4 states in part:

"Subject to section 11 of this chapter, the following property is presumed abandoned if it is unclaimed by the apparent owner during the period specified as follows: . . .

- (9) For property held by a court, including property received as proceeds of a class action, three (3) years after the property becomes distributable. . . ."

Indiana Code 32-34-1.5-18(a) states in part: "A holder of property presumed abandoned and subject to the custody of the attorney general must report in an electronic record to the attorney general concerning the property. . . ."

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CLERK OF THE CIRCUIT COURT
LAGRANGE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 27, 2024, with Kimberly L. Johnson, Clerk of the Circuit Court; Kathryn A. Hopper, County Auditor; Kay Myers, Chief Deputy County Auditor; Jeffery A. Campos, County Council member; Jim Young, County Council member; Kevin Myers, County Commissioner; and Sheila J. Getz, County Recorder.