

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

HENRY COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED
09/17/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Debra Walker	01-01-23 to 12-31-24
County Treasurer	Bill Upchurch	01-01-23 to 12-31-24
Clerk of the Circuit Court	Jennifer Grubbs	01-01-23 to 12-31-24
County Sheriff	John Sproles	01-01-23 to 12-31-24
County Recorder	Lisa Loveless	01-01-23 to 12-31-24
President of the Board of County Commissioners	Steve Dellinger Joe Wiley	01-01-23 to 12-31-23 01-01-24 to 12-31-24
President of the County Council	Kenon Gray	01-01-23 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDIANAPOLIS, INDIANA 46204-2769

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TO: THE OFFICIALS OF HENRY COUNTY, INDIANA

This report is supplemental to the audit report of Henry 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 27, 2024

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COUNTY AUDITOR
HENRY COUNTY

COUNTY AUDITOR
HENRY COUNTY
AUDIT RESULT AND COMMENT

CAPITAL ASSETS

The same comment also appeared in prior Report 82494S.

Condition and Context

Internal controls over capital assets were insufficient to ensure additions and deletions of capital assets were properly accounted for and reported.

The County did not properly maintain its capital asset ledger during the audit period. One capital asset listed on the ledger could not be inspected due to the asset being disposed of. One addition made during the audit period was never added to the ledger. Both transactions were made by the County Sheriff's office, and the County Sheriff's office did not submit information regarding asset additions and disposals to the County Auditor's office to update the ledger timely.

Criteria

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1.

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction.

(Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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 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
HENRY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 27, 2024, with Debra Walker, County Auditor; Bobbie York, Deputy County Auditor; Bill Upchurch, County Treasurer; Joe Wiley, President of the Board of County Commissioners; Steve Dellinger, County Commissioner; Bobbi Plummer, County Commissioner; and Kenon Gray, President of the County Council.

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COUNTY SHERIFF
HENRY COUNTY

COUNTY SHERIFF
HENRY COUNTY
AUDIT RESULT AND COMMENT

CAPITAL ASSETS

Condition and Context

Internal controls over capital assets were insufficient to ensure additions and deletions of capital assets were properly accounted for and reported.

The County Sheriff's office did not submit information regarding asset additional and disposals to the County Auditor's office to update the County's capital asset ledger timely.

Criteria

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1.

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction.

(Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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COUNTY SHERIFF
HENRY COUNTY
EXIT CONFERENCE

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