

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

MIAMI COUNTY, INDIANA

January 1, 2023 to December 31, 2023



**FILED**  
07/10/2024



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Mary Brown	01-01-23 to 12-31-24
County Treasurer	Annette Phillippo	01-01-23 to 12-31-24
Clerk of the Circuit Court	Sherry Raber	01-01-23 to 12-31-24
County Sheriff	Timothy S. Hunter	01-01-23 to 12-31-24
County Recorder	Paul Wilson	01-01-23 to 12-31-24
President of the Board of County Commissioners	Alan Hunt	01-01-23 to 12-31-24
President of the County Council	Sandy Chittum	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 MIAMI COUNTY, INDIANA

This report is supplemental to the audit report of Miami 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/](http://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 18, 2024

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COUNTY AUDITOR  
MIAMI COUNTY

COUNTY AUDITOR  
MIAMI COUNTY  
AUDIT RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT - OTHER INFORMATION**

A similar comment appeared in prior Report 000000169S, entitled *ANNUAL FINANCIAL REPORT - OTHER INFORMATION*, and in Report B59786, entitled *SUPPLEMENTAL SCHEDULES IN ANNUAL FINANCIAL REPORT*.

*Condition and Context*

Financial, supplemental, and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The County had not established effective internal controls over the AFR information entered into Gateway, which resulted in the following errors:

*Grants*

- The Formula Grants for Rural Areas and Tribal Transit Program expenditures and amounts passed through to subrecipients were both understated by \$101,281.
- Additional grants had individually immaterial errors that resulted in misstatements of \$189,641, in total.
- Other errors included incorrect program names, pass-through entities, and identifying numbers.

Audit adjustments were proposed, accepted by the County, and made to the Grant Schedule in the AFR.

*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](#)."

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.

COUNTY AUDITOR  
MIAMI COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

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. . . ."

**CAPITAL ASSETS**

The same comment appeared in prior Reports B59786 and 000000169S.

*Condition and Context*

Internal controls in place were not effective in ensuring capital assets were properly reported and accounted for.

The County maintained a capital asset inventory listing; however, it was not updated and maintained accurately. Of the ten capital assets randomly selected for testing, one vehicle purchased on June 26, 2023, for \$31,000 was not added to the capital asset inventory listing.

*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 Counties of Indiana, Chapter 1)

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27€ 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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COUNTY AUDITOR  
MIAMI COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

**INTERNAL CONTROLS OVER DISBURSEMENTS**

*Condition and Context*

The County's process for disbursements was as follows: first, the Deputy County Auditor prepared the claim; next, the claim was reviewed and certified by the County Auditor; finally, an Accounts Payable Voucher top sheet and County Commissioner's Report were prepared and provided to the Board of County Commissioners (Board) for review and approval.

After review of the County Commissioner's Report, it was determined that the check number and the accounts payable voucher number were not included. In addition, details such as vendor, fund, and amount were capable of being changed after Board approval, when the checks were printed and disbursements were recorded to the financial ledger. No additional review was performed after checks were generated and disbursements were recorded to the financial ledger.

*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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COUNTY AUDITOR  
MIAMI COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on June 18, 2024, with Mary Brown, County Auditor; Alan Hunt, President of the Board of County Commissioners; Sandy Chittum, President of the County Council; and Brenda Weaver, County Commissioner.

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CLERK OF THE CIRCUIT COURT  
MIAMI COUNTY

CLERK OF THE CIRCUIT COURT  
MIAMI COUNTY  
AUDIT RESULT AND COMMENT

**STALE-DATED OUTSTANDING CHECKS (WARRANTS)**

The same comment appeared in a prior Noncompliance Management Letter.

*Condition and Context*

Internal controls in place were not effective in ensuring that outstanding checks for a period of two or more years as of the last day of December of each year were voided.

During testing of cash and investments, there were outstanding checks that had been outstanding for a period of two or more years. The Clerk's Trust bank account had 109 stale-dated outstanding checks that totaled \$13,194. The Clerk's ISETS bank account had 144 stale-dated outstanding checks that totaled \$5,561. These checks should have been removed from the outstanding check list and receipted back into the records.

*Criteria*

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void. . . ."

Indiana Code 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the:

- (1) board of finance of the political subdivision; or
- (2) fiscal body of a city or town.

The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision. However, in the case of a school corporation, the warrant or check shall be receipted into the operations fund."

CLERK OF THE CIRCUIT COURT  
MIAMI COUNTY  
AUDIT RESULT AND COMMENT  
(Continued)

The clerk should never allow checks to remain outstanding for an unreasonable length of time. Checks mailed and returned because of inability of delivery to the payee should be receipted to the cash book as an item of trust and reinstated in the register of trust in the name of the payee. The clerk should write a receipt to himself or herself for the unclaimed check and deposit it in the designated depository the same as receiving money from any other person. The check should be endorsed:

FOR DEPOSIT ONLY  
NOT USED FOR PURPOSE INTENDED

CLERK OF CIRCUIT COURT

If the payee does not thereafter claim his money and the money is not related to child support, such amount must be held in trust for five years and paid over to the Attorney General pursuant to the requirements of IC 32-34-3. All money related to child support that remains in the office of the clerk should be posted in the ISETS System. Child support monies that are not claimed should not be posted to Trust. All money related to child support that remains in the office of the clerk for a period of ten years after being distributable without being claimed shall be collected by the Attorney General.

9) (Accounting and Uniform Compliance Guidelines for Clerk of the Circuit Courts of Indiana, Chapter

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. . . ."

CLERK OF THE CIRCUIT COURT  
MIAMI COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on June 18, 2024, with Sherry Raber, Clerk of the Circuit Court; Mary Brown, County Auditor; Timothy S. Hunter, County Sheriff; Alan Hunt, President of the Board of County Commissioners; Sandy Chittum, President of the County Council; Brenda Weaver, County Commissioner; Kim Brown, County Sheriff Matron; Tiffany Hostetler, Jail Commander; and David Vitek, Chief Deputy County Sheriff.

COUNTY SHERIFF  
MIAMI COUNTY

COUNTY SHERIFF  
MIAMI COUNTY  
AUDIT RESULT AND COMMENT

**STALE DATED OUTSTANDING CHECKS (WARRANTS)**

This same comment appeared in prior Report 000000169S and in a Noncompliance Management Letter addressed to the County Sheriff for the year ending December 31, 2021.

*Condition and Context*

Internal controls in place were not effective in ensuring that outstanding checks for a period of two or more years as of the last day of December of each year were voided.

The Sheriff's Inmate Trust bank reconciliation at December 31, 2023, contained 457 stale-dated checks totaling \$2,387. These checks should have been removed from the outstanding check list and the amounts receipted back into the Trust ledger.

*Criteria*

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void. . . ."

Indiana Code 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the:

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COUNTY SHERIFF  
MIAMI COUNTY  
AUDIT RESULT AND COMMENT  
(Continued)

Indiana Code 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision. However, in the case of a school corporation, the warrant or check shall be receipted into the operations fund."

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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COUNTY SHERIFF  
MIAMI COUNTY  
EXIT CONFERENCE

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