

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CLINTON COUNTY, INDIANA

January 1, 2023 to December 31, 2023



**FILED**

10/07/2024



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Britt Ostler	01-01-23 to 12-31-24
County Treasurer	Gina Brettnacher	01-01-23 to 12-31-24
Clerk of the Circuit Court	Stephanie Harshbarger	01-01-23 to 12-31-24
County Sheriff	Richard Kelly	01-01-23 to 12-31-24
County Recorder	Elizabeth J. Keeney	01-01-23 to 12-31-24
President of the Board of County Commissioners	Jordan Brewer	01-01-23 to 12-31-24
President of the County Council	Alan Dunn	01-01-23 to 12-31-24



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
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TO: THE OFFICIALS OF CLINTON COUNTY, INDIANA

This report is supplemental to the audit report of Clinton 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.

A handwritten signature in blue ink that reads "Beth Kelley".

Beth Kelley, CPA, CFE  
Deputy State Examiner

September 19, 2024

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COUNTY AUDITOR  
CLINTON COUNTY

COUNTY AUDITOR  
CLINTON COUNTY  
AUDIT RESULTS AND COMMENTS

**PAYROLL ERRORS**

*Condition and Context*

The County had designed internal controls over payroll; however, the internal controls were not properly designed to detect and allow correction of misstatements within payroll disbursements. The Payroll Clerk entered payroll into the software system without review of timesheets or Employee Service Records to ensure the amount paid is in accordance with time worked or leave taken. Employees are paid the amount listed on the Salary Ordinance regardless of the time reported.

Due to the lack of effective internal controls, 2 of the 22 checks selected for payroll testing contained the following errors:

- A Deputy Director was not paid for 1.25 hours of comp time that was deducted from comp time listed on the Employee's Service Record. There are no records of this comp time being refunded to the employee's comp time listed on the Employee's Service Record.
- A Corrections Officer was paid .25 hours for time not worked from the LIT Correctional/Rehabilitation Facilities fund.

*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. . . ."

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

COUNTY AUDITOR  
CLINTON COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

**ANNUAL FINANCIAL REPORT**

A similar comment appeared in prior Report 000000283S, entitled *ANNUAL FINANCIAL REPORT - OTHER INFORMATION*.

*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 internal controls established by the County over the AFR information entered into Gateway were not effective. The Deputy County Auditor prepared the AFR and was reviewed by the County Auditor; however, internal controls did not ensure that the information submitted was accurate.

Due to the lack of effective internal controls, the AFR contained the following errors:

*Financial Data*

- The RDA Trustee Construction Fund understated the beginning balance by \$2,368,829, receipts by \$89,975, disbursements by \$2,292,836, and ending balance by \$165,968.
- The RDA Trustee Operations Fund understated the beginning balance by \$4,263, receipts by \$3,675, and ending balance by \$7,938.
- The RDA Trustee Sinking Fund understated the beginning balance by \$43, receipts by \$441,804, disbursements by \$439,907, and ending balance by \$1,940.

Audit adjustments were proposed, accepted by the County, and made to the financial statement and the Combining Schedule of Receipts, Disbursements, and Cash and Investments Balances - Regulatory Basis presented as Other Information in the Financial Statement Audit Report of the County.

*Leases and Debt*

- Three leases with the Clinton County Building Corporation were reported on the debt schedule, overstating the ending principal balance by \$42,090,000 and the principal due within one year by \$425,000. These leases were omitted from the lease schedule, understating annual lease payments by \$2,084,000.
- One lease with the County's Redevelopment Authority was omitted from the lease schedule, understating annual lease payment by \$441,000.
- One lease was omitted from the lease schedule, understating the annual lease payment by \$37,613.
- The Redevelopment Bond (2020) was inaccurately reported on the debt schedule, understating the ending principal balance by \$140,000.
- Two other debts were inaccurately reported on the debt schedule, overstating the ending principal balance by \$402,570 and the principal due within one year by \$163,429.

Adjustments were proposed, accepted by the County, and made to the Schedules of Leases and Debts presented as Other Information in the Financial Statement Audit Report of the County.

COUNTY AUDITOR  
CLINTON COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Capital Assets*

Capital asset information entered into Gateway was not materially accurate. The capital asset ledger provided did not support the amounts reported in Gateway. The Schedule of Capital Assets reported a total of \$506,771,814; however, the capital asset ledger provided totaled \$35,032,005.

The County did not present the Schedule of Capital Assets as Other Information in the Financial Statement Audit Report of the County.

*Grants*

- The Formula Grants for Rural Areas and Tribal Transit Program (ALN 20.509) expenditures were overstated by \$92,948.
- The Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs Fund (ALN 20.526) expenditures were understated by \$92,948.
- The COVID-19 - Coronavirus State and Local Fiscal Recovery Fund (ALN 21.027) expenditures were overstated by \$288,080.
- Additionally, some program names and identifying numbers were incorrect or omitted from the Schedule of Expenditures and Federal Awards.

Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in the Federal Compliance Report of the County.

*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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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  
CLINTON COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

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](#)."

## **CAPITAL ASSETS**

### *Condition and Context*

Internal controls were not in place to ensure capital assets were properly recorded. The County provided a capital asset listing which did not contain all capital assets, did not include acquisition values for all capital assets, and included items below the County's capitalization threshold.

### *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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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 County Auditors of Indiana, Chapter 1)

## **FUND SOURCES AND USES**

### *Condition and Context*

A similar comment appeared in a noncompliance management letter addressed to the County Auditor for the audit period ended December 31, 2022.

COUNTY AUDITOR  
CLINTON COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

Internal controls were not in place to ensure that funds were receipted and disbursed from the proper funds.

During the testing of disbursements, the following uses of incorrect funds were identified:

- The County paid a vendor for road construction from the Wheel Tax/Surtax Combined fund, a clearing fund, totaling \$9,033.
- The County made payments for the Lease Rental Revenue Bonds of 2020 (I-65/SR 28 Interchange Project) from the General fund, totaling \$441,000. Payments for this lease rental agreement should have been made from the I65/28 Road Lease Debt Service fund.

The County commingled several federal grant funds into other federal grant funds and tax levy funds. The following errors were noted during the audit:

- The 20.205 Highway Planning and Construction grant monies for \$349,434 were receipted into and disbursed from the Cumulative Bridge fund. This money should be receipted and disbursed from a grant fund dedicated to this federal grant.
- The 20.509 Formula Grants for Rural Areas and Tribal Transit Program for \$290,627 and 20.526 Buses and Bus Facilities Formula, Competitive, and Low Emissions Programs for \$92,948 grant monies were both receipted into and disbursed from the Resource Center Transportation fund. These are two separate federal grants and should be receipted and disbursed from two separate funds.

*Criteria*

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Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

The State Board of Accounts prescribes the use of fund accounting to provide accountability for government activities and financial status. This means that individual funds are used to segregate financial activity based on sources and uses which helps promote transparency.

COUNTY AUDITOR  
CLINTON COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

It has come to our attention recently that federal grants are being commingled with other tax levy funds when the uses are similar if not the same. Federal grants should be maintained in their own separate fund with the 8000 series, per the prescribed Chart of Accounts, which can be found at [https://www.in.gov/sboa/files/Funds-and-Account-Tables-09\\_01\\_20.pdf](https://www.in.gov/sboa/files/Funds-and-Account-Tables-09_01_20.pdf). Accounting for grants separately not only promotes transparency but helps when gathering information for the required Schedule of Expenditures of Federal Awards (SEFA).

(The County Bulletin, March 2021)

### **TIMELY RECORDING**

#### *Condition and Context*

Internal controls were not in place to ensure timely recording of receipts.

Some state distributions were not receipted into the financial records in a timely manner.

- There were 22 state distributions recorded more than 30 days after electronic deposit.
- There were 9 state distributions recorded between 8 days to 30 days after electronic deposit.
- There were 14 state distributions recorded between 3 days to 7 days after electronic deposit.

#### *Criteria*

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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 County Auditors of Indiana, Chapter 1)

COUNTY AUDITOR  
CLINTON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 27, 2024, with Britt Ostler, County Auditor; Jordan Brewer, President of the Board of County Commissioners; Bert Weaver, County Commissioner; Alan Dunn, President of the County Council; Mike Hensley, County Council member; and Mary King, County Council member.

The amended contents of this report were discussed on September 19, 2024, with Britt Ostler, County Auditor; Bert Weaver, County Commissioner; and Mike Hensley, County Council member.

COUNTY COUNCIL  
CLINTON COUNTY

COUNTY COUNCIL  
CLINTON COUNTY  
AUDIT RESULT AND COMMENT

**COMPENSATION AND BENEFITS**

*Condition and Context*

Internal controls were not in place to ensure that compensation and benefits paid were in accordance with the salary ordinance.

For 2 of the 22 employees tested in the payroll sample, their positions were not included on the Salary Ordinance. Further inspection of the Salary Ordinance revealed an additional 7 employees whose positions were not included in the Salary Ordinance. These employees included:

- Four employees paid from the Community Corrections fund (1127).
  - Director - \$67,604.
  - Case Manager - \$56,442
  - Two Field Officers - \$56,442 each.
- Seven Board of Health members, each paid \$131 biweekly.

*Criteria*

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COUNTY COUNCIL  
CLINTON COUNTY  
EXIT CONFERENCE

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BOARD OF COUNTY COMMISSIONERS  
CLINTON COUNTY

BOARD OF COUNTY COMMISSIONERS  
CLINTON COUNTY  
AUDIT RESULT AND COMMENT

**ASSET OWNERSHIP**

*Condition and Context*

Internal controls were not in place to ensure that capital assets purchased were properly titled, insured, and secured by the County.

The County Sheriff's Department purchased a 2023 Chevy Silverado for \$48,878. The vehicle was purchased using a \$30,000 trade-in of a County owned vehicle and \$19,103 paid from the County Sheriff's Commissary funds. The vehicle has an open title and is not currently insured by the County.

*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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Assets purchased must be titled in the name of the unit. In instances where multiple units are purchasing an asset jointly, the asset must be titled in accordance with an interlocal agreement between the units. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

# CLINTON COUNTY

## BOARD OF COMMISSIONERS

125 Courthouse Square  
Frankfort, IN 46041

OFFICIAL RESPONSE

Phone: 765-659-6309

FAX: 765-659-6391

Jordan Brewer

Josh Uttis

Bert Weaver

September 6, 2024

Indiana State Board of Accounts  
302 West Washington St. Room E418  
Indianapolis, IN 46204-2765

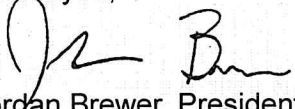
RE: Exit Conference Official Response

Dear SBOA Auditors,

Thank you for the opportunity to have an in-person discussion at our exit interview, and a chance to more thoroughly understand the highlighted deficiencies. We understand that the term "internal controls" is used to highlight standards that do not appear to be met from a Uniform Internal Control Standard; however, as spoken about in person, we believe that our internal control measures did exactly as need and stopped an unauthorized purchase of a vehicle by the Clinton County Sheriff. The Clinton County Sheriff is a unique elected official because they have access to Commissary funds that other elected officials do not. Due to this access, after our internal control measure were implemented and the vehicle claim was denied, it was still able to be purchased and paid for through those funds that the Commissioners have no statutory authority over as long as they meet the enumerated expense category. Since the purchase wasn't approved and won't be approved, this is why the vehicle does not have title and insurance on it currently. Again, we want to reiterate that no other department would have the ability to be in this situation because under normal circumstances the denial of a claim would trigger the return of an unauthorized purchase.

We thank you for your diligence and work on behalf of finding holes in the internal control process, but we firmly believe that our process worked out just as it is designed to with the claims process being the mechanism to catch purchases we are unaware of that happen.

Thank you,



Jordan Brewer, President

Clinton County Commissioners

BOARD OF COUNTY COMMISSIONERS  
CLINTON COUNTY  
EXIT CONFERENCE

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COUNTY SHERIFF  
CLINTON COUNTY

COUNTY SHERIFF  
CLINTON COUNTY  
AUDIT RESULT AND COMMENT

**ASSET OWNERSHIP**

*Condition and Context*

Internal controls were not in place to ensure that capital assets purchased were properly titled, insured, and secured by the County.

The County Sheriff's Department purchased a 2023 Chevy Silverado for \$48,878. The vehicle was purchased using a \$30,000 trade-in of a County owned vehicle and \$19,103 paid from the County Sheriff's Commissary funds. The vehicle has an open title and is not currently insured by the County.

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**CLINTON COUNTY  
SHERIFF'S OFFICE**

301 E. Walnut Street  
Frankfort, IN 46041-2419

**Rich Kelly**  
*Sheriff*

commitment • community • service



Shawn Mayfield - *Chief Deputy*

September 9, 2024

**OFFICIAL RESPONSE**

**Sent Via Email Only to:** [officialresponse@sboa.in.gov](mailto:officialresponse@sboa.in.gov)

State Board of Accounts  
302 West Washington Street  
Room E 418  
Indianapolis, IN 46204-2765

**RE: Clinton County Sheriff's Office Official Response to SBOA  
Audit Results and Comment for January 1, 2023 to December  
31, 2023**

Dear SBOA,

The Clinton County Sheriff's Office ("CCSO") provides the following Official Response to the State Board of Accounts' ("SBOA") Audit Results and Comment for the period examined January 1, 2023 to December 31, 2023. The SBOA had only a single comment for the CCSO, which states:

***ASSET OWNERSHIP***

*Condition and Context*

Internal controls were not in place to ensure that capital assets purchased were properly titled, insured, and secured by the County.

The County Sheriff's Department purchased a 2023 Chevy Silverado for \$48,878. The vehicle was purchased using a \$30,000 trade-in of County owned vehicles and \$19,103 paid from the Sheriff's Commissary Funds. The vehicle has an open title and is not currently insured by the County.

### *Criteria*

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### **CCSO's Official Response:**

The CCSO's 2023 budget included the purchase of seven vehicles from the Federal Inmate Housing Fund (not taxpayer money). (See Appropriation Line 4968-

000-04-0010.) Sheriff Kelly created the revenue stream that funds the Federal Inmate Housing Fund when he began to house federal inmates at the jail. Since 2020, the Federal Inmate Housing Fund has generated over \$4 million in revenue for Clinton County. This revenue has not been used solely for the CCSO where it has been generated. Instead, the Clinton County Council has used this added revenue to mitigate many budget shortfalls. The Council also has used the Federal Inmate Housing Fund to fund an HVAC project, to pay the County's attorneys' fees, to pay for a feasibility study, and for other things that normally would have been paid with taxpayer dollars from the General Fund.

The Sheriff agreed to remove the CCSO's vehicle line and the sheriff service agreement line from the General Fund to the Federal Inmate Housing Fund to ease the taxpayers' burden. In reliance on the budget approval from the Federal Inmate Housing Fund to purchase its vehicles, the CCSO had several discussions with the Commissioners during public meetings about purchasing these seven vehicles. These discussions are memorialized in Commissioners' meetings recorded on YouTube. They are also captured in at least the May 15, 2023 and August 9, 2023 Commissioner Meeting Minutes. The May 15, 2023 Commissioners' Meeting Minutes reflect:

Sheriff Kelly presented estimates for the jail repairs. He reported they have a vehicle coming in that they ordered last October. Patrol vehicles will be delivered in August.

The August 9, 2023 Commissioners' Meeting Minutes reflect:

Sheriff Kelly stated he will provide a list of vehicles in the next week. The last 7 of the Tahoes will be delivered sometime this month. They have 6-8 vehicles that will be traded in or for use in other areas of the county.

The CCSO ordered six Tahoes, which were in high demand at the time. The CCSO needed the seventh budgeted vehicle, the 2023 Chevy Silverado (the "Truck") at issue here, for an individual assigned to investigations or an undercover officer. The Truck is similarly priced as the Tahoes, and it makes sense that an undercover officer would drive a different vehicle than the CCSO fleet of Tahoes, a decision for the Sheriff.

The Commissioners' Meeting Minutes from October 17, 2023 (after the CCSO purchased the Truck with the understanding that it was approved and budgeted) identify for the first time that at least one Commissioner thought they only approved six vehicles (even though the budget had seven):

Commissioner Brewer asked Sheriff Kelly if he brought the list of proposed recipients of the 6 new Tahoes and the bill of sale. Sheriff Kelly stated he can get them the list; it's for the administrative staff- chief deputy, captain, 3 detectives and Ryan West. Commissioner Brewer asked that he email those to us. Sheriff Kelly will see if the dealership will send the other information to them.

Commissioner Brewer stated he knows they approved the 6 Tahoes but doesn't recall approving the new truck for the sheriff. Sheriff Kelly states he had 7 vehicles in the budget for 2023. The truck is a part of the 7. Kelly Chevrolet did not have the 7, they looked and found one at Alsop. The removal of 10 vehicles, 7 of them non functioning and gave them the ability to trade in and get that vehicle. He understands the new procurement process. Previous times he was budgeted for 7 vehicles and he purchased 7 vehicles. He will go through the commissioners for insurance and procurements moving forward.

Commissioner Brewer said his concern is he can only find where they approved 6 patrol vehicles and not 7 vehicles, and would like him to show where they approved 7. Ashley Kelly stated the 3 year plan was 9-9-7. Commissioner Brewer stated that's not correct, the plan was never 9-9-7. We may have added some because of a wreck. Sheriff Kelly states where the loss of translation is, they were approved a budgeted amount for 7 vehicles and he doesn't know how or why that didn't get to the commissioners. He will look at everything they have to see where they are at on that portion of it.

At this same meeting (after the CCSO purchased the Truck), the Commissioners approved a Capital Asset and Procurement/Disposal Policy, Ordinance 2023-07. Had this ordinance been in place beforehand, there would have been no confusion about how many vehicles were approved, and the Truck would be insured.

Here is a helpful timeline of events:

- With the understanding that the CCSO had been budgeted for and approved to purchase seven vehicles, the CCSO ordered the six Tahoes, which are titled and insured, and the Truck, which is the subject of the SBOA's comment. The CCSO ordered the Truck from Alsop Chevrolet for \$48,878.
- The CCSO traded in multiple old CCSO vehicles that were either not operational at all or had significant mechanical issues. Alsop Chevrolet gave the CCSO \$30,000 of trade-in value for those vehicles, leaving an amount due of \$19,103 for the Truck. All trade-ins were titled to the County, and the Commissioners approved the trade-ins..
- On September 26, 2023, the CCSO received an invoice for \$19,103 for the Truck from Alsop Chevrolet.
- On September 27, 2023, the CCSO completed a claim for \$19,103 for the Truck and sent it to the Auditor to be paid from the Federal Inmate Housing Fund (not the General Fund), subject to the budget to purchase seven vehicles for 2023 appropriation line: 4968-000-04-0010.
- Even though the Truck was in the CCSO's 2023 budget to be paid from the Federal Inmate Housing Fund and not with taxpayers' money, on October 17,

2023, the Commissioners denied the claim. At least one Commissioner believed they only “approved” six vehicles, though that is not reflected in their own Meeting Minutes prior to this date.

On that same date (after the CCSO purchased the Truck in reliance on the previous approval and budget), the Commissioners approved a Capital Asset and Procurement/Disposal Policy, Ordinance 2023-07, setting forth the following Procurement Procedure and Disposal Procedure, none of which was in place when the CCSO purchased the Truck:

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PROCUREMENT PROCEDURE:

2. That the Clinton County Board of Commissioners shall be the purchasing agency of Clinton County.
3. That the purchase of machinery, equipment and services shall be the sole discretion of the Commissioners for all Clinton County office holders and departments.
4. That the individual Clinton County departments and offices shall first present to the Board of Commissioners their requests for purchases of any machinery, equipment or services for approval. If the request to purchase is approved by the Commissioners, the requestor shall then present to the Clinton County Council for appropriation of the requested funds.
5. That any approval of purchases by the Commissioners does not necessarily mean that the County will appropriate the necessary funds.
6. That all contracts binding the County for the purchase of machinery, equipment and services shall be signed and executed by the Commissioners.
7. That this Ordinance shall apply to all purchases of county offices or departments in excess of five thousand dollars (\$5,000.00).
8. Any violation of this Ordinance may result in said items purchased not being licensed, insured and the claim not being approved by the Commissioners.

DISPOSAL PROCEDURE:

1. Upon and only by prior approval of the Commissioners, the independent county offices and departments may dispose of their department's personal property in accordance with Indiana Code § 5-22-22-1 through § 5-22-22-12 (general relevant sections listed in the Definitions section of this Ordinance for ease of reference). This includes, but is not limited to, any equipment or vehicle trade in allowances for new or replacement equipment.

SO ADOPTED this 17 day of October 2023.

- Because the Truck had already been delivered and the Commissioners refused to pay for it out of the Federal Inmate Housing Fund where it had

been budgeted, the CCSO had no choice but to pay the \$19,103 still owed to Alsop Chevrolet from the Sheriff's Commissary Fund. The Sheriff's Commissary Fund allows the Sheriff to purchase vehicles pursuant to Indiana Code § 36-8-10-21(d)(5), which states:

The sheriff, or the sheriff's designee, at the sheriff's or the sheriff's designee's discretion and without appropriation by the county fiscal body, may disburse money from the [commissary] fund for: . . . (5) equipment, including vehicles . . . used by an employee of the sheriff's department in the course of the employee's official duties .

The Truck was purchased for use by a CCSO employee in the course of the employee's official duties.

- On October 19, 2023, the CCSO wrote a check for \$19,103 from the Sheriff's Commissary Fund to pay the invoice for the Truck that should have been paid from the Federal Inmate Housing Fund.
- The Truck has not been titled or insured because it cannot be titled without insurance. Initially, the Commissioners added the Truck to the County Fleet's insurance policy. The Commissioners, however, decided on their own that (1) the CCSO did not have permission to purchase the Truck (though somehow had permission to purchase the six Tahoes); and (2) the CCSO did not need that type of vehicle. The Commissioners removed the Truck from the County's policy and have refused to provide insurance for the Truck.
- Because the Truck is not titled or insured, the Truck now sits at the CCSO being of no use at all to law enforcement.

In closing, the CCSO had approval to purchase the Truck, and it was included in the 2023 Federal Inmate Housing Fund budget. Because the Truck has an open title and is not currently insured by the County, the SBOA commented to the CCSO, "Internal controls were not in place to ensure that capital assets purchased were properly titled, insured, and secured by the County." But that is the Commissioners' doing, not the CCSO's. The Clinton County Commissioners did not establish its Capital Asset and Procurement/Disposal Policy until after the CCSO purchased the Truck. The CCSO can do nothing to rectify the fact that the Truck has an open title and is not currently insured by the County—only the Commissioners can. The SBOA's comment related to the Truck, therefore, should not be directed to the CCSO.

Please call me at (765)659-6396 if you would like to discuss further.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Rich Kelly". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Rich Kelly  
Sheriff, Clinton County Indiana

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COUNTY SHERIFF  
CLINTON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 27, 2024, with Britt Ostler, County Auditor; Richard Kelly, County Sheriff; Jordan Brewer, President of the Board of County Commissioners; Bert Weaver, County Commissioner; Alan Dunn, President of the County Council; Mike Hensley, County Council member; and Mary King, County Council member.

CLERK OF THE CIRCUIT COURT  
CLINTON COUNTY

CLERK OF THE CIRCUIT COURT  
CLINTON COUNTY  
AUDIT RESULT AND COMMENT

**STALE DATED OUTSTANDING CHECKS (WARRANTS)**

A similar comment appeared in a management letter addressed to the Clerk of the Circuit Court (Clerk) for the audit period ended December 31, 2022.

*Condition and Context*

Internal controls were not in place 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 Clerk's Trust and ISETS funds were not voiding old outstanding checks and receipting them to the records. The Clerk's Trust fund had 191 checks dated from November 9, 2011 to December 30, 2020, totaling \$40,513. The ISETS fund had 44 checks dated from January 25, 2019 to December 15, 2020, totaling \$1,368. These amounts should be voided and receipted into the Trust and ISETS funds and reissued to the appropriate recipient or remitted to the state as unclaimed funds.

*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. . . ."

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:

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

- (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."

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

COUNTY CLERK OF THE CIRCUIT COURT  
CLINTON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 27, 2024, with Britt Ostler, County Auditor; Stephanie Harshbarger, Clerk of the Circuit Court; Jordan Brewer, President of the Board of County Commissioners; Bert Weaver, County Commissioner; Alan Dunn, President of the County Council; Mike Hensley, County Council member; and Mary King, County Council member.