

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

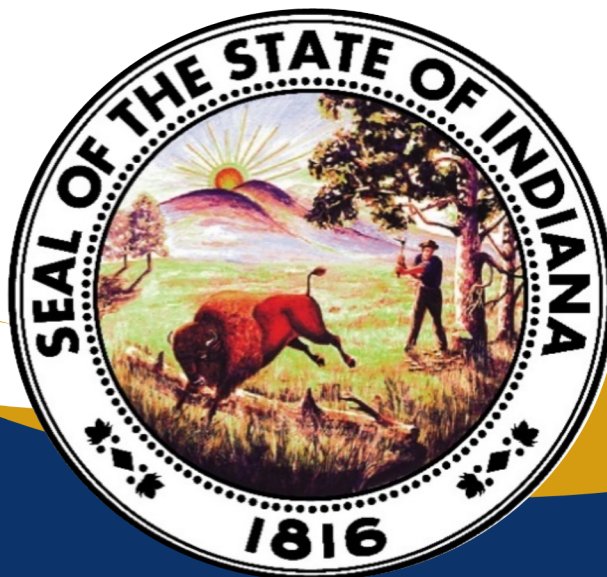
**Paul D. Joyce, CPA
State Examiner**

SUPPLEMENTAL COMPLIANCE REPORT

OF

CRAWFORD COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED
12/09/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Wendy Marples	01-01-23 to 12-31-24
County Treasurer	Janice Mitchell	01-01-23 to 12-31-24
Clerk of the Circuit Court	Lisa L. Holzbog	01-01-23 to 12-31-24
County Sheriff	Jeff Howell	01-01-23 to 12-31-24
County Recorder	Christian Howell	01-01-23 to 12-31-24
County Highway Superintendent	Chance Bender	01-01-23 to 12-31-24
President of the Board of County Commissioners	Dan Crecelius Morton Dale	01-01-23 to 12-31-23 01-01-24 to 12-31-24
President of the County Council	Mark Stevens Craig A. Menke	01-01-23 to 12-31-23 01-01-24 to 12-31-24



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF CRAWFORD COUNTY, INDIANA

This report is supplemental to the audit report of Crawford 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

November 18, 2024



COUNTY AUDITOR
CRAWFORD COUNTY

COUNTY AUDITOR
CRAWFORD COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

Condition and Context

There were deficiencies in the internal control system of the County related to financial transactions. The County Auditor had not established an effective internal control system that separated incompatible activities related to receipts and disbursements.

Receipts

All Deputy County Auditors had the ability to issue receipts and post to the ledger. In addition, there were multiple copies of the signature stamp, which all employees had access to. There were no documented internal controls in place to prevent, or detect and correct, errors in receipts, such as an oversight, review, or approval process of the receipts.

Disbursements

All Deputy County Auditors had the ability to prepare checks. Checks are printed with an electronic signature of the County Auditor and County Treasurer. There were no documented internal controls in place to prevent, or detect and correct, errors in disbursements, such as an oversight, review, or approval process of the disbursements.

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. . . ."

COUNTY AUDITOR
CRAWFORD COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

ANNUAL FINANCIAL REPORT

A similar comment also appeared in prior Report 000000592C, entitled *ANNUAL FINANCIAL REPORT*.

Condition and Context

The Annual Financial Report (AFR) is required to be submitted annually via the Indiana Gateway for Government Units financial reporting system. The County Auditor did not have adequate internal controls over the information submitted in the AFR, which resulted in the following errors:

Capital Assets

Amounts reported on the capital asset schedule within the AFR were underreported for infrastructure by \$232,000,000. The financial reporting framework utilized by the County includes the option to present a Schedule of Capital Assets as Other Information in the Financial Statement Audit Report of the County.

Adjustments were proposed, accepted by the County, and made to this schedule and the capital asset information within the AFR.

Leases and Debt

Amounts reported for leases and debt within the AFR included retired bond issue of \$240,000.

Grant Schedule

The grant schedule within the AFR included the following errors:

- The Coronavirus State and Local Fiscal Recovery Funds were understated by \$646,127.
- Five grants were understated in total by \$197,995.
- Two grants were overstated in total by \$164,326.

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
CRAWFORD COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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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

A similar comment also appeared in prior Report 000000592C, entitled *CAPITAL ASSETS*.

Condition and Context

The County did not have internal controls in place to ensure compliance with laws and regulations related to capital assets. The County maintained a detailed listing of all capital assets owned; however, there was no evidence that a physical inventory had been taken during the audit period.

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 County Auditors 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:

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COUNTY AUDITOR
CRAWFORD COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED

Condition and Context

The County Auditor did not have adequate internal controls in place to ensure compliance related to Motor Vehicle Highway (MVH) - Restricted fund disbursements. During 2023, \$1,802,647 in disbursements were made from the MVH - Restricted fund. Four vendor disbursements in the amount of \$353,170 were for equipment payments, and three disbursements in the amount of \$764,086 were for transfers to the MVH fund for reimbursement of equipment payments and other expenditures, which was not an activity specifically related to construction, reconstruction, or preservation of the County highways.

Criteria

Indiana Code 8-14-1-4(b) states: "Except as provided in subsection (c), for funds distributed to a county from the motor vehicle highway account, the county shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the county's highways."

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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TRANSFERS BETWEEN FUNDS

Condition and Context

The County Auditor did not have adequate internal controls in place to ensure compliance related to transfers between funds. The County Auditor made transfers between funds during the audit period which were not authorized by the enabling law and ordinance/resolution and were not approved by the governing board. The transfers between funds of \$1,060,139 included:

COUNTY AUDITOR
CRAWFORD COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

- \$764,086 from the MVH - Restricted fund to the Motor Vehicle Highway fund.
- \$282,798 from the General fund to the Health Insurance fund.
- \$2,535 from the County User Fee fund to the Pretrial fund.
- \$5,720 from the County User Fee fund to the Deferred Infraction fund.
- \$5,000 from the Riverboat Revenue Sharing fund to the Misdemeanant fund.

Criteria

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 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
CRAWFORD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 18, 2024, with Wendy Marples, County Auditor; Morton Dale, President of the Board of County Commissioners; Dan Crecelius, County Commissioner; Larry Ingle, County Commissioner; Craig A. Menke, President of the County Council; William Breeding, County Council member; and Lora N. Phelps, Deputy County Auditor.



CLERK OF THE CIRCUIT COURT
CRAWFORD COUNTY

CLERK OF THE CIRCUIT
CRAWFORD COUNTY
AUDIT RESULT AND COMMENT

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. The Clerk had not established an effective internal control system that separated incompatible activities related to disbursements.

Disbursements

The Clerk maintained multiple copies of the signature stamp which all employees had access to. There were no documented internal controls in place to prevent, or detect and correct, errors in disbursements, such as an oversight, review, or approval process of the disbursements or maintaining a secure location of the signature stamp.

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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CLERK OF THE CIRCUIT
CRAWFORD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 18, 2024, with Lisa L. Holzbog, Clerk of the Circuit Court; Morton Dale, President of the Board of County Commissioners; Dan Crecelius, County Commissioner; Larry Ingle, County Commissioner; Craig A. Menke, President of the County Council; William Breeding, County Council member; and Lisa Ward, Deputy County Clerk of the Circuit Court.



COUNTY HIGHWAY SUPERINTENDENT
CRAWFORD COUNTY

COUNTY HIGHWAY SUPERINTENDENT
CRAWFORD COUNTY
AUDIT RESULT AND COMMENT

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED

Condition and Context

The County Highway Superintendent did not have adequate internal controls in place to ensure compliance related to the Motor Vehicle Highway (MVH) - Restricted Fund disbursements. During 2023, \$1,802,647 in disbursements were made from the MVH - Restricted fund. Four vendor disbursements in the amount of \$353,170 were for equipment payments, and three disbursements in the amount of \$764,086 were for transfers to the MVH fund for reimbursement of equipment payments and other expenditures, which was not an activity specifically related to construction, reconstruction, or preservation of the County highways.

Criteria

Indiana Code 8-14-1-4(b) states: "Except as provided in subsection (c), for funds distributed to a county from the motor vehicle highway account, the county shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the county's highways."

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 HIGHWAY SUPERINTENDENT
CRAWFORD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 18, 2024, with Chance Bender, County Highway Superintendent; Morton Dale, President of the Board of County Commissioners; Dan Crecelius, County Commissioner; Larry Ingle, County Commissioner; Craig A. Menke, President of the County Council; and William Breeding, County Council member.



COUNTY SHERIFF
CRAWFORD COUNTY

COUNTY SHERIFF
CRAWFORD COUNTY
AUDIT RESULT AND COMMENT

BANK ACCOUNT RECONCILIATIONS

A similar comment also appeared in prior Report 000000592C, entitled *CONDITION OF RECORDS - SHERIFF COMMISSARY FUND*.

Condition and Context

The County Sheriff did not have adequate internal controls in place to ensure compliance related to bank account reconciliations. There were unidentified variances totaling \$69 between the Commissary ledger balance and the bank balance during 2023. Although a bank reconciliation was performed monthly, there was no evidence to suggest the variances were investigated. The outstanding transactions were not accounted for properly on the documentation presented for audit.

Criteria

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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
CRAWFORD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 18, 2024, with Jeff Howell, County Sheriff; Morton Dale, President of the Board of County Commissioners; Dan Crecelius, County Commissioner; Larry Ingle, County Commissioner; Craig A. Menke, President of the County Council; William Breeding, County Council member; and Hayleigh N. Cox, County Sheriff's Administrative Assistant.



COUNTY TREASURER
CRAWFORD COUNTY

COUNTY TREASURER
CRAWFORD COUNTY
AUDIT RESULT AND COMMENT

BANK ACCOUNT RECONCILIATIONS

The same comment also appeared in prior Reports B58861, B59638, and 000000592C.

Condition and Context

The County Treasurer did not have adequate internal controls to ensure compliance related to the bank account reconciliations. Depository reconciliations of the County Treasurer's bank account balances to the County Treasurer's Daily Balance of Cash and Depositories, Form 47 (Cash Book), and the County Auditor's funds ledger were conducted monthly. The adjusted bank balance agreed to the total reported on the Cash Book as of December 31, 2022, except for the \$1,000 cash change fund. However, there were numerous reconciling items that date back to 2017 that have remained uncorrected on the bank reconciliation.

Criteria

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 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 County Treasurers 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:

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COUNTY TREASURER
CRAWFORD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 18, 2024, with Janice Mitchell, County Treasurer; Morton Dale, President of the Board of County Commissioners; Dan Crecelius, County Commissioner; Larry Ingle, County Commissioner; Craig A. Menke, President of the County Council; and William Breeding, County Council member.