

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WARRICK COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED

08/15/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Michael Dietsch	01-01-23 to 12-31-24
County Treasurer	Judy M. Beem	01-01-23 to 12-31-24
Clerk of the Circuit Court	Patricia E. Perry	01-01-23 to 12-31-24
County Sheriff	Michael Wilder	01-01-23 to 12-31-24
County Recorder	Patricia A. Brooks	01-01-23 to 12-31-24
President of the Board of County Commissioners	Terry Phillippe	01-01-23 to 12-31-24
President of the County Council	Greg Richmond Brad Overton	01-01-23 to 12-31-23 01-01-24 to 12-31-24
Animal Control Supervisor	Danielle Barnes (Vacant) David Ruckoldt (Vacant) Monica Freeman	01-01-23 to 12-13-23 12-14-23 to 01-02-24 01-03-24 to 02-14-24 02-15-24 to 05-19-24 05-20-24 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF WARRICK COUNTY, INDIANA

This report is supplemental to the audit report of Warrick 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

July 31, 2024

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COUNTY AUDITOR
WARRICK COUNTY

COUNTY AUDITOR
WARRICK COUNTY
AUDIT RESULT AND COMMENT

TRANSFERS

Condition and Context

The County had not established effective internal controls over transfers. The County approved the following fund transfers that were not allowed by state statute:

- The County approved, through ordinance 2022-15, the transfer of funds from the LIT Public Safety County Share fund to the LIT - Public Safety Jail Saving fund. One transfer totaling \$1,000,000 was made during 2023.
- The County transferred funds from the LIT fund directly to the Rainy Day fund and the LIT - Public Safety Jail Saving fund, each in the amount of \$1,443,560. The entirety of the transfer should have been deposited to the LIT Economic Development fund.

Criteria

Indiana Code 36-1-8-6 states:

"(a) The unused and unencumbered balance of an appropriation made by a unit for any purpose reverts, at the end of the unit's fiscal year, to the fund from which the appropriation was made, unless a statute provides otherwise.

(b) Any amount necessary to pay a bill, judgment, or valid claim concerning any balance that reverts under subsection (a) shall be taken from the fund to which it reverted to pay the bill, judgment, or valid claim.

(c) Notwithstanding subsection (a), if an appropriation is made by a unit to establish or maintain a program of self-insurance by the unit, the balance described in subsection (a) reverts to the fund only if the fiscal body of the unit specifically adopts subsection (a) when it makes the appropriation.

COUNTY AUDITOR
WARRICK COUNTY
AUDIT RESULT AND COMMENT
(Continued)

(d) Subsection (a) does not apply to dedicated or appropriated funds received from the state or the United States, to funds of municipal utilities, or to balances of appropriations made from the general fund of a city for transfer to the aviation fund of the city."

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 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. . . ."

LAW OFFICES OF

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Andrew E. Skinner

Email: aes@fine-hatfield.com

August 9, 2024

State Board of Accounts
c/o Jonathon Agnew

Via Email only - JAgnew@sboafe.IN.gov

Re: Warrick County 2023 Audit Result and Comment
Response

Dear Mr. Agnew:

I wish to thank you and the rest of the State Board of Accounts team for your time and review of Warrick County's books and records. This service provides additional transparency for the public to ensure public resources are being maintained and used in accordance with Indiana law. I wish to provide you and the public with a response to the two comments being issued as a result of the audit.

Transfers

This finding/comment was made with respect to two transfers made related to the Public Safety Local Income Tax Fund – two transfers to the Jail Savings Fund and the other to the Rainy Day fund. The Public Safety LIT Fund was established by the County Council to create additional tax revenues to distribute to various public safety areas, the primary area being the planned construction of a new Sheriff's Office and Security Center in the near future. The audit revealed that when the County transferred those Public Safety LIT Funds into a newly created Jail Savings Fund, there was not statutory authority for the creation of the Jail Savings Fund. The County maintains that it has the authority under Home Rule to create certain funds as it sees fit as long as it not statutorily prohibited. We do not view the creation of this fund and the transfer into said fund to be prohibited by Indiana statute.

Nevertheless, despite the disagreement as to whether the transfers were permissible, the County voluntarily returned the identified funds to the Public Safety LIT Fund, into a newly created subfund, which was deemed satisfactory by the State Board of Accounts. I wish to emphasize that the only issue was the account in which the funds were held for bookkeeping purposes, but that at no time were any of these public safety funds misused.

Internal Controls

All comments related to lack of internal controls were related to the Animal Control Department, which in 2023 was under the control of the former Health Department Administrator. The Board of Commissioners had no direct supervisory control over the animal control at that time. In the latter part of 2023, the Board of Commissioners recognized 1) there were inadequacies with the supervision of the Animal Control Department and 2) the newly formed Health First Indiana objectives for local health departments did not include animal control activities. Therefore, in late December 2023, the Board of Commissioners took action to remove the Warrick County Animal Control Department from under the supervision of the Health Department Administrator and instead created a new stand-alone Animal Control Department that reported directly to the Board of Commissioners – like other existing county departments.

As a result, additional administrative measures have been taken to create various SOPs and measures to ensure proper internal controls are in place going forward. Additional tracking of animal control fees, expenses, and charges have been implemented.

If any additional information is needed, please do not hesitate to reach out to me.

Very truly yours,

FINE & HATFIELD
A PROFESSIONAL CORPORATION

By:



Andrew E. Skinner

cc: Warrick County Auditor
Warrick County Board of Commissioners

COUNTY AUDITOR
WARRICK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 31, 2024, with Michael Dietsch, County Auditor; Terry Phillippe, President of the Board of County Commissioners; Brad Overton, President of the County Council; Chris Whetstine, County Council member; Heather Soberg, County Admin; Andrew Kinner, County Attorney; Barbi Shelton, Chief Deputy County Auditor; and Krystal Powless, County Council Admin.

ANIMAL CONTROL DEPARTMENT
WARRICK COUNTY

ANIMAL CONTROL DEPARTMENT
WARRICK COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

Condition and Context

Adequate internal controls were not in place over the operations of the Animal Control Department. We were unable to verify that the collections made were in accordance with the fee schedule adopted by the Board of County Commissioners in Ordinance 2021-35 on September 27, 2021, nor the updated Ordinance 2023-27 adopted by the Board of County Commissioners on December 11, 2023. Receipts were being issued but they did not contain enough detail to verify that the charges were in agreement with the adopted fee schedules. In addition, there were no contracts in place with not-for-profit organizations, which handled some of the adoptions for the County, in order to determine the breakdown of the responsibilities and associated fees for each adoption.

Criteria

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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. . . ."

Fees can only be collected as specifically authorized by law or properly authorized ordinance/resolution. When a fee is NOT specified by law, but instead through the use of an ordinance/resolution, sufficient authoritative reference should be maintained. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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Andrew E. Skinner
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c/o Jonathon Agnew

Via Email only - JAgnew@sbaoafe.IN.gov

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WARRICK COUNTY
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