

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

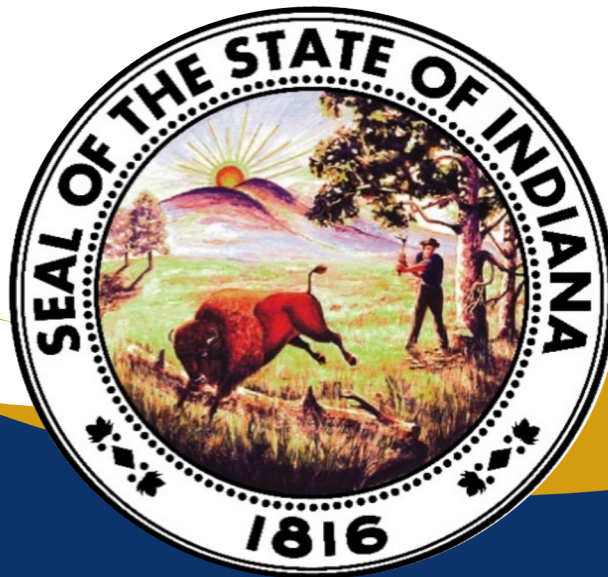
**Paul D. Joyce, CPA
State Examiner**

SUPPLEMENTAL COMPLIANCE REPORT

OF

ALLEN COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED

01/31/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Nicholas D. Jordan	01-01-23 to 12-31-25
County Treasurer	William F. Royce Samantha J. Chenery	01-01-23 to 12-31-24 01-01-25 to 12-31-25
Clerk of the Circuit Court	Christopher M. Nancarrow	01-01-23 to 12-31-25
County Sheriff	Troy R. Hershberger	01-01-23 to 12-31-25
County Recorder	Nicole L. Keesling	01-01-23 to 12-31-25
President of the Board of County Commissioners	Therese M. Brown Richard E. Beck Therese M. Brown	01-01-23 to 12-31-23 01-01-24 to 12-31-24 01-01-25 to 12-31-25
President of the County Council	Thomas A. Harris Robert A. Armstrong	01-01-23 to 12-31-23 01-01-24 to 12-31-25



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF ALLEN COUNTY, INDIANA

This report is supplemental to the audit report of Allen 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 Statements Audit Report of the County, which provides our opinions on the County's financial statements. 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

January 16, 2025



COUNTY SHERIFF
ALLEN COUNTY

COUNTY SHERIFF
ALLEN COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

Condition and Context

There were deficiencies in the internal control system of the County Sheriff's office related to financial transactions and reporting. The County Sheriff's office had not established effective internal controls, which would include segregation of duties, receipts, and disbursements.

Receipts

There was no documented oversight, review, or approval process for the Sheriff Commissary deposits and the Sheriff Inmate Trust receipt postings. The lack of an effective internal control system allowed for noncompliance in the comment below, entitled *SUPPORTING DOCUMENTATION*.

Disbursements

There was no documented oversight, review, or approval process for the Sheriff Commissary and the Sheriff Inmate Trust disbursements prior to payment. In addition, there was no documented oversight, review, or approval process for the Sheriff Inmate Trust disbursement postings. The lack of an effective internal control system allowed for noncompliance in the comments below, entitled *SUPPORTING DOCUMENTATION* and *COMPENSATION AND BENEFITS*.

Financial Close and Reporting

There was no documented oversight, review, or approval process over the Sheriff Inmate Trust posting book before the book was submitted to the County Auditor's office for inclusion to the County's financial statements.

Additionally, internal controls were not in place to ensure compliance with laws, regulations, and uniform compliance guidelines established by the Indiana State Board of Accounts as detailed in the comment below, entitled *MONTHLY AND ANNUAL UPLOADS*.

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. . . .

COUNTY SHERIFF
ALLEN COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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. . . ."

SUPPORTING DOCUMENTATION

Condition and Context

The County Sheriff's office did not provide supporting documentation for 7 of the 17 receipts tested from the Sheriff Inmate Trust. The receipts without supporting documentation were from intakes prior to December 2023. The intake receipt sampled from December 2023, with supporting documentation provided, of \$250 was recorded in the Sheriff Inmate Trust as \$290.

Additionally, adequate supporting documentation was not provided for 2 of the 22 receipts tested from the Sheriff Commissary and 12 of the 22 disbursements tested from the Sheriff Inmate Trust. Documentation provided for audit was either a bank statement or check copies.

Criteria

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COMPENSATION AND BENEFITS

Condition and Context

Gift cards were purchased from the Sheriff Commissary for employee appreciation. There was no supporting documentation that intended recipients received the gift cards. In addition, employee compensation per the Internal Revenue Service guidelines was not considered for gift card recipients.

Criteria

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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 Counties of Indiana, Chapter 1)

COUNTY SHERIFF
ALLEN COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

MONTHLY AND ANNUAL UPLOADS

A similar comment also appeared in prior Reports B60560 and 000000523S.

Condition and Context

The County Sheriff's office did not comply with Amended State Examiner Directive 2018-1. For the two months tested, the following files were not uploaded, or were incomplete, to the Indiana Gateway for Government Units financial reporting system:

- Monthly Cash Balance Reports, which would include Form 54, the County Sheriff's Cash Book; Form 205, the Ledger of Receipts, Disbursements, and Balances Commissary Fund; and Form 358, the Ledger of Receipts, Disbursements, and Balances for the Inmate Trust.
- Monthly Bank Reconcilements and Outstanding Check Lists for the County Sheriff Commissary and the County Sheriff Inmate Trust.
- Annual Inmate Trust Fund Subsidiary Detail.

Criteria

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. (Amended State Examiner Directive 2018-1, Updated November 9, 2020, and effective with uploads due February 15, 2021, and Updated October 30, 2023, effective with the December 2023 monthly uploads due February 15, 2024 and the 2023 annual uploads due March 1, 2024)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY SHERIFF
ALLEN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 16, 2025, with Troy R. Hershberger, County Sheriff; Anthony J. Pape, Chief Deputy County Sheriff; Jaime Hardy, County Sheriff Comptroller; Britney Roop, Deputy County Sheriff Comptroller; Cindy Foster, Jail Matron; Amber Eckert, Jail Clerk; and Robert A. Armstrong, President of the County Council.