

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

ALLEN COUNTY, INDIANA

January 1, 2014 to December 31, 2014



**FILED**  
10/23/2015



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Tera K. Klutz	01-01-11 to 12-31-18
County Treasurer	Susan L. Orth	01-01-13 to 12-31-16
Clerk of the Circuit Court	Lisbeth A. Borgmann	01-01-11 to 12-31-18
County Sheriff	Kenneth C. Fries David J. Gladieux	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Recorder	John D. McGauley Anita Mather	01-01-11 to 08-08-14 08-09-14 to 12-31-18
County Prosecuting Attorney	Karen Richards	01-01-11 to 12-31-18
Circuit Court Judge	Honorable Thomas Felts	01-01-09 to 12-31-20
President of the Board of County Commissioners	Therese M. Brown F. Nelson Peters	01-01-14 to 12-31-14 01-01-15 to 12-31-15
President of the County Council	Darren E. Vogt Thomas A. Harris	01-01-14 to 12-31-14 01-01-15 to 12-31-15



**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  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF ALLEN COUNTY, INDIANA

This report is supplemental to our audit report of Allen County (County), for the period from January 1, 2014 to December 31, 2014. It has been provided as a separate report so that the reader may easily identify any Federal Findings that pertain to the County. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the County, which provides our opinions on the County's financial statement and federal program compliance. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

The Federal Finding, identified in the above referenced audit report, is included in this report.

Any Corrective Action Plan for the Federal Finding, incorporated within this report, was not verified for accuracy.

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

August 10, 2015

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COUNTY CIRCUIT COURT  
ALLEN COUNTY

COUNTY CIRCUIT COURT  
ALLEN COUNTY  
FEDERAL FINDING

**FINDING 2014-001 - INTERNAL CONTROL OVER ALLOWABLE COSTS/COST PRINCIPLES**

Federal Agency: Department of Health and Human Services  
Federal Program: Child Support Enforcement  
CFDA Number: 93.563  
Federal Award Number and Year (or Other Identifying Number): FY 2014  
Pass-Through Entity: Indiana Department of Child Services

Management of the County Circuit Court and Prosecuting Attorney's Office have not established an effective internal control system over compliance requirements relating to Allowable Costs/Cost Principles. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirements. The County Circuit Court and Prosecuting Attorney's Office enter into a "Cooperative Agreement for Federal Financial Participation for Title IV-D Courts Hearing Title IV-D Cases" and "Cooperative Agreement for Federal Financial Participation for Prosecuting Attorneys Performing Title IV-D Services"; respectively, with the Child Support Bureau (CSB), wherein they are reimbursed for direct costs so long as they are claimed in accordance with the procedures established and on forms prescribed by CSB that comply with state and federal law (Section IV. B. 3.).

The County Circuit Court and Prosecuting Attorney's Office were required to maintain time and effort reports on all full and part-time employees paid from the grant. There were no time and effort reports completed for full-time employees during the audit period. The County Circuit Court and Prosecuting Attorney's Office were not aware of this requirement until June 22, 2015, when CSB issued new procedures.

OMB Circular A-87, Attachment B, item 8h, states in part:

- "(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.
- (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency."

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

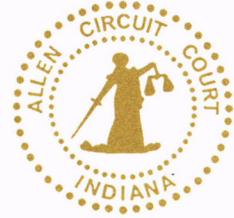
The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the Allowable Costs/Cost Principles requirements that have a direct and material effect to the program could result in the loss of federal funds to the County.

We recommended that the County Circuit Court and Prosecuting Attorney's Office establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

# Allen County Circuit Court

Thirty-Eighth Judicial Circuit

Allen County Courthouse  
715 South Calhoun Street Room 300  
Fort Wayne, IN 46802-1897  
Telephone: 260.449.7602  
Fax: 260.449.7652



**THOMAS J. FELTS**

Judge

## CORRECTIVE ACTION PLAN

### **FINDING 2014-001**

Contact Person Responsible for Corrective Action: Terri A. Berry  
Contact Phone Number: 260-449-4003

### Description of Corrective Action Plan:

We received guidance from CSB on June 22, 2015 in accordance with the "Cooperative Agreement for Federal Financial Participation for Title IV-D Courts Hearing Title IV-D Cases", section IV. B. 3. and IV. E. 10. We rely on the policies, procedures and forms, as well as training, provided by CSB for compliance with federal requirements. Pursuant to that guidance, we will comply with the following: 2 CFR 225 APP. B 8(h) "(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certification that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee."

Anticipated Completion Date: 09/01/2015

A handwritten signature in black ink, appearing to read "Eric K. Zimmerman", written over a horizontal line.

Eric K. Zimmerman  
Director of Court Services  
Allen Circuit Court  
August 6, 2015

COUNTY CIRCUIT COURT  
ALLEN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 10, 2015, with Eric Zimmerman, Director of Court Services; F. Nelson Peters, President of the Board of Commissioners; Therese M. Brown, County Commissioner; Thomas A. Harris, President of the County Council; Roy A. Buskirk, County Councilman; Tera K. Klutz, County Auditor; Nick D. Jordan, Deputy County Auditor; and Jackie A. Scheuman, Finance and Budget Director.

COUNTY PROSECUTING ATTORNEY'S OFFICE  
ALLEN COUNTY

COUNTY PROSECUTING ATTORNEY'S OFFICE  
ALLEN COUNTY  
FEDERAL FINDING

**FINDING 2014-001 - INTERNAL CONTROL OVER ALLOWABLE COSTS/COST PRINCIPLES**

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OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the Allowable Costs/Cost Principles requirements that have a direct and material effect to the program could result in the loss of federal funds to the County.

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602 SOUTH CALHOUN STREET  
FORT WAYNE, INDIANA 46802-1700  
TELEPHONE: 260/449-7641  
FACSIMILE: 260/449-8699

## OFFICE OF THE PROSECUTING ATTORNEY

38<sup>TH</sup> JUDICIAL CIRCUIT

**KAREN E. RICHARDS**

PROSECUTING ATTORNEY

### CORRECTIVE ACTION PLAN

#### **FINDING 2014-001**

Contact Person Responsible for Corrective Action: Kristine E. Myers

Contact Phone Number: 260-449-7550

#### Description of Corrective Action Plan:

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Anticipated Completion Date: 09/01/2015

Michael J. McAlexander  
Chief Deputy Prosecutor  
August 5, 2015

COUNTY PROSECUTING ATTORNEY'S OFFICE  
ALLEN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 10, 2015, with F. Nelson Peters, President of the Board of Commissioners; Therese M. Brown, County Commissioner; Thomas A. Harris, President of the County Council; Roy A. Buskirk, County Councilman; Tera K. Klutz, County Auditor; Nick D. Jordan, Deputy County Auditor; and Jackie A. Scheuman, Finance and Budget Director.