

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

GRANT COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
07/01/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Roger A. Bainbridge	01-01-11 to 12-31-18
County Treasurer	Sarah A. Melford	01-01-13 to 12-31-16
Clerk of the Circuit Court	J. Mark Florence Bonnie Cartwright Carolyn Mowery	01-01-11 to 12-31-14 01-01-15 to 07-31-15 08-01-15 to 12-31-18
County Sheriff	Darrell L. Himelick Reggie E. Nevels	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Recorder	Pamela K. Harris	01-01-13 to 12-31-16
President of the Board of County Commissioners	Michael H. Burton John Lawson	01-01-14 to 12-31-14 01-01-15 to 12-31-16
President of the County Council	James E. McWhirt	01-01-14 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDIANAPOLIS, INDIANA 46204-2769

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TO: THE OFFICIALS OF GRANT COUNTY, INDIANA

This report is supplemental to our audit report of Grant 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 and Audit Results and Comments 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/.

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Results and Comments as described below.

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 Corrective Action Plan for the Federal Findings and Official Response to the Audit Results and Comments, incorporated within this report, were not verified for accuracy.

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

March 28, 2016

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COUNTY AUDITOR
GRANT COUNTY

COUNTY AUDITOR
GRANT COUNTY
FEDERAL FINDINGS

FINDING 2014-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The County should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted that the SEFA contained incorrect expenditure amounts. In addition, the Child Support Enforcement program was not reported. Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in this report.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

COUNTY AUDITOR
GRANT COUNTY
FEDERAL FINDINGS
(Continued)

- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

FINDING 2014-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

There were several deficiencies in the internal control system of the County Treasurer's and County Auditor's offices related to financial transactions and reporting. The following deficiencies constitute material weaknesses:

1. **Preparing Financial Statements:** Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the County's audited financial statement, then determining how those identified risks should be managed. The County has not identified risk regarding the preparation of a reliable financial statement and, as a result, has failed to design effective controls over the preparation of the financial statement to prevent, or detect and correct, material misstatements, including notes to the financial statement.
2. **Monitoring of Financial Information:** Effective internal controls over financial reporting requires the Board of County Commissioners or their designee to monitor and assess the monthly financial information. The Board of County Commissioners or their designees have not reviewed monthly financial information (i.e. fund and financial appropriations reports, depository bank reconcilements) on a timely basis. The failure to adequately review financial information places the County at risk that material misstatements will not be prevented, or detected and corrected, in a timely manner.
3. **Reconcilements:** Proper controls were not established between the County Treasurer's and County Auditor's offices to accurately prepare reconcilements for any of the months during the audit period. The balance per the bank accounts did not agree with the bank balances reported in the Treasurer's Cash Book. Neither the balances per the bank accounts nor the balance per the Treasurer's Cash Book reconciled to the fund balances on the Annual Financial Statement (Auditor's Fund Ledger). A number of adjustments were made and reflected on the Treasurer's Cash Book. As of December 31, 2014, the difference between the adjusted bank balance and the Auditor's Fund Ledger indicated a cash short of \$69,666, which was determined to be immaterial to the financial statement as a whole.

COUNTY AUDITOR
GRANT COUNTY
FEDERAL FINDINGS
(Continued)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14; and Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balances should agree. If the reconciled bank balance is less the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1; Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14; and Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1; Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14; and Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

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."

Roger A. Bainbridge
Grant County Auditor
Grant County Complex
401 S. Adams St., Room 222
Marion, IN 46953-2099

Phone: 765-668-6552

E-mail: grantcountyauditor@gmail.com

FAX: 765-668-6582

Tammy Miller
Chief Deputy

Chris Hancock
Assistant Chief Deputy

CORRECTIVE ACTION PLAN
January 1, 2014 through December 31, 2014

Finding 2014-001


Contact Person Responsible for Corrective Action: Tammy Miller, Grant County Chief Deputy Auditor

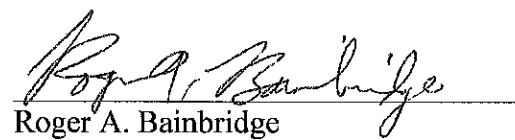
Contact Phone Number: 765-668-6552


Description of Corrective Action Plan:

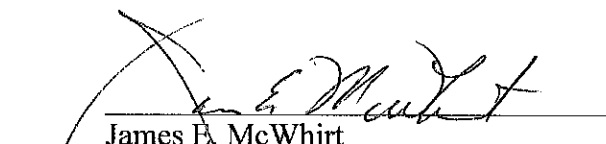
The Schedule of Expenditures of Federal Awards is created annually in Gateway, so each year the Chief Deputy Auditor, Tammy Miller, will prepare the schedule and then, within five days, will review it with the Claims/Grants Deputy, Jessica Floyd. Each entry on the Schedule will then be confirmed that it contains the correct items and expenditure amounts. There will be a report generated with the results of this review, and that report will be available to the Indiana State Board of Accounts for the next annual audit.

Anticipated Completion Date: September 1, 2016


Sarah A. Melford
County Treasurer


Roger A. Bainbridge
County Auditor


Michael H. Burton
County Commissioner


James E. McWhirt
President, County Council

Dated: March 28, 2016

Roger A. Bainbridge
Grant County Auditor
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Marion, IN 46953-2099

Phone: 765-668-6552

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FAX: 765-668-6582

Tammy Miller
Chief Deputy

Chris Hancock
Assistant Chief Deputy

CORRECTIVE ACTION PLAN
January 1, 2014 through December 31, 2014


Finding 2014-002

Contact Person Responsible for Corrective Action: Sarah Melford, Grant County Treasurer
Contact Phone Number: 765-668-6556


Description of Corrective Action Plan:

The County shall continue to use the services of an outside consultant to assist applicable officials in the bank reconciliation process. The County Treasurer is in the process of bringing the bank reconciliations up to date. Following completion of that task, future bank reconciliations will be completed within a reasonable time with acknowledgement by the County Auditor and the County Treasurer. Evidence of such reconciliations will be distributed each month for review to the County Council, in time for their monthly meeting on the third Wednesday of each month, and to the County Commissioners no later than the Tuesday before the County Council meeting.

Anticipated Completion Date: September 1, 2016



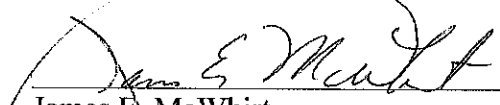
Sarah A. Melford
County Treasurer



Roger A. Bainbridge
County Auditor



Michael H. Burton
County Commissioner



James E. McWhirt
President, County Council

Dated: March 28, 2016

COUNTY AUDITOR
GRANT COUNTY
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

The Annual Financial Report for 2014 contained the following errors and did not properly reflect the financial activity of the County:

1. Numerous funds were eliminated from the Report.
2. Numerous fund balances reported at January 1, 2014, were not reflective of the December 31, 2013 balances.
3. The Schedule of Expenditures of Federal Assistance contained incorrect expenditure amounts. In addition, the Child Support Enforcement program was not reported.
4. The Schedule of Leases and Debt, the Schedule of Capital Assets, and the Schedule of Payables and Receivables were incomplete.

Proper amounts could not be determined for the Schedule of Capital Assets and the Schedule of Payables and Receivables and therefore were not presented for December 31, 2014.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. 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."

FUND LEDGER NOT IN AGREEMENT

The total funds per the County Auditor's funds ledger did not agree with the balance per the County Treasurer's Daily Balance of Cash and Depositories (Form 47) at December 31, 2014. The County Auditor's Ledger exceeded the Treasurer's Cash Book by \$2,154, which has not been identified.

A similar comment appeared in prior Report B44397.

At the close of each calendar month a Monthly Financial Statement, County Form No. 61, shall be prepared, showing the financial transactions for the month and year to date, for each fund and in total.

The county treasurer is also required to independently prepare a Monthly Financial Statement on the same form and the two statements must be reconciled. If any differences exist between the records of the auditor and the treasurer, they must be identified and immediate steps taken to bring the records of the two offices into agreement. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 6)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger and reconciled bank balances should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COUNTY AUDITOR
GRANT COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

EXCISE TAX NOT DISTRBUTED

Excise Tax in the amount of \$587,402 was collected but not distributed for the month of February 2013. As of January 20, 2016, this has not been corrected.

A similar comment appeared in prior Report B44397.

At the time of each semiannual tax settlement the treasurer shall report such tax collections, together with the aircraft license excise tax and auto rental excise tax collections, and the total shown by the county auditor's records shall be verified with the treasurer's certificate before distribution is made. (Accounting and Uniform Compliance Guidelines for county Treasurers of Indiana, Chapter 6)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

APPROPRIATIONS

The records presented for audit indicated the Local Health Maintenance fund was spent without budgeted appropriations in the amount of \$64,418.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

PUBLIC RECORDS RETENTION

Debt schedules used for the Complex Energy Project loan and the Jail/D-Home Energy Project loan were not available for audit.

Indiana Code 5-15-6-3(d) states in part:

"No financial records or records relating thereto shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced as described in subsections (e)."

COUNTY AUDITOR
GRANT COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 5-15-6-3(f), concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

CONDITION OF RECORDS - TRUST FUNDS

Financial records presented for audit were incomplete and not reflective of the activity of the Tax Certificate Sale, Tax Sale Redemption, Tax Sale Surplus, and Surplus Tax Funds. The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger and reconciled bank balances should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COUNTY AUDITOR
GRANT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 28, 2016, with Roger A. Bainbridge, County Auditor; James E. McWhirt, President of the County Council; and Michael H. Burton, County Commissioner.

COUNTY TREASURER
GRANT COUNTY

COUNTY TREASURER
GRANT COUNTY
FEDERAL FINDING

FINDING 2014-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

There were several deficiencies in the internal control system of the County Treasurer's and County Auditor's offices related to financial transactions and reporting. The following deficiencies constitute material weaknesses:

1. **Preparing Financial Statements:** Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the County's audited financial statement, then determining how those identified risks should be managed. The County has not identified risk regarding the preparation of a reliable financial statement and, as a result, has failed to design effective controls over the preparation of the financial statement to prevent, or detect and correct, material misstatements, including notes to the financial statement.
2. **Monitoring of Financial Information:** Effective internal controls over financial reporting requires the Board of County Commissioners or their designee to monitor and assess the monthly financial information. The Board of County Commissioners or their designees have not reviewed monthly financial information (i.e. fund and financial appropriations reports, depository bank reconcilements) on a timely basis. The failure to adequately review financial information places the County at risk that material misstatements will not be prevented, or detected and corrected, in a timely manner.
3. **Reconcilements:** Proper controls were not established between the County Treasurer's and County Auditor's offices to accurately prepare reconcilements for any of the months during the audit period. The balance per the bank accounts did not agree with the bank balances reported in the Treasurer's Cash Book. Neither the balances per the bank accounts nor the balance per the Treasurer's Cash Book reconciled to the fund balances on the Annual Financial Statement (Auditor's Fund Ledger). A number of adjustments were made and reflected on the Treasurer's Cash Book. As of December 31, 2014, the difference between the adjusted bank balance and the Auditor's Fund Ledger indicated a cash short of \$69,666, which was determined to be immaterial to the financial statement as a whole.

COUNTY TREASURER
GRANT COUNTY
FEDERAL FINDING
(Continued)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14; and Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balances should agree. If the reconciled bank balance is less the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1; Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14; and Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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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."

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Tammy Miller
Chief Deputy

Chris Hancock
Assistant Chief Deputy

CORRECTIVE ACTION PLAN
January 1, 2014 through December 31, 2014

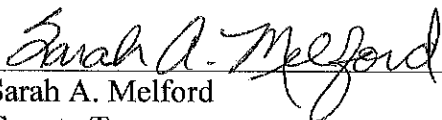
Finding 2014-002

Contact Person Responsible for Corrective Action: Sarah Melford, Grant County Treasurer
Contact Phone Number: 765-668-6556

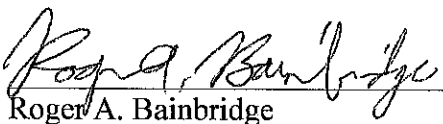
Description of Corrective Action Plan:

The County shall continue to use the services of an outside consultant to assist applicable officials in the bank reconciliation process. The County Treasurer is in the process of bringing the bank reconciliations up to date. Following completion of that task, future bank reconciliations will be completed within a reasonable time with acknowledgement by the County Auditor and the County Treasurer. Evidence of such reconciliations will be distributed each month for review to the County Council, in time for their monthly meeting on the third Wednesday of each month, and to the County Commissioners no later than the Tuesday before the County Council meeting.

Anticipated Completion Date: September 1, 2016



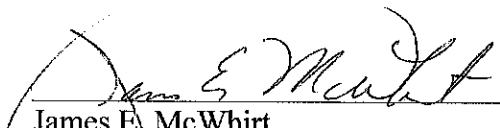
Sarah A. Melford
County Treasurer



Roger A. Bainbridge
County Auditor



Michael H. Burton
County Commissioner



James E. McWhirt
President, County Council

Dated: March 28, 2016

COUNTY TREASURER
GRANT COUNTY
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

The County Treasurer has the statutory obligation to reconcile the bank accounts for the funds maintained by the County. Bank reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliations contained numerous errors. As of December 31, 2014, the difference between the adjusted bank balance and Auditor's Fund Ledger indicated a cash short of \$69,666. Outstanding checks listed on the outstanding check report date as far back as April 20, 2001.

A similar comment appeared in prior Report B44397.

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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger and reconciled bank balances should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

INTERNAL CONTROLS

We noted deficiencies in the internal control system of the Treasurer's Office related to financial transactions and reporting. These deficiencies included numerous errors on the bank account reconciliations.

A similar comment appeared in the prior Report B44397.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

FUND LEDGER NOT IN AGREEMENT

The total funds per the County Auditor's funds ledger did not agree with the balance per the County Treasurer's Daily Balance of Cash and Depositories (Form 47) at December 31, 2014. The County Auditor's Ledger exceeded the Treasurer's Cash Book by \$2,154, which has not been identified.

A similar comment appeared in prior Report B44397.

COUNTY TREASURER
GRANT COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

The Monthly Financial Statement (Form 61) is a permanent record prepared from the treasurer's funds ledger at the close of each month. It is prepared after all postings to the ledger have been completed for the month and reflects the total receipts and disbursements and the balance for each fund for the month and the year to date. The statement must agree with a similar statement kept by the county auditor, giving consideration to any adjustments required to reconcile the ledgers of the two offices. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 4)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger and reconciled bank balances should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

MONTHLY FINANCIAL REPORT (FORM 47TR)

The Treasurer's Monthly Financial Report (Form 47TR) is to be prepared by the 16th day of the following month. Reports for the period of January 2014 through December 2014 were filed between June 5, 2015 and June 15, 2015.

A similar comment appeared in the prior Report B44397.

On or before the 16th day of each month the treasurer shall prepare a report showing the financial condition of the office as of the close of business on the last day of the preceding month.

This report shall show the amounts with which the treasurer is chargeable for the various funds and accounts, the amounts with which the treasurer is credited for money on deposit, invested and cash on hand, and any long or short at the close of each month. The report also provides space for reconciliation with depositories.

The report shall be prepared in quadruplicate and each copy shall be verified by certificate of the treasurer. The treasurer shall retain one copy as a public record in the office and three copies shall be filed with the county auditor. The county auditor shall file the original of said reports with the records of the county board of finance, one copy shall be presented to the board of county commissioners at its next regular meeting, and the county auditor shall immediately transmit one copy to the State Board of Accounts. [IC 36-2-9-11 and 36-2-10-16] (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 4)

EXCISE TAX RECONCILIATION AT SETTLEMENT REPORT

The County Treasurer is required to file a "County Treasurer and County Auditor Excise Tax Reconciliation at Settlement" report with the Auditor of State's Settlement Division prior to each tax settlement. The amounts shown on the June 2014 and December 2014 reports were incorrect. As a result, the County Treasurer reported variances of \$559,509 and \$18,416 on the June and December reports, respectively.

A similar comment appeared in prior Report B44397.

COUNTY TREASURER
GRANT COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 6-1.1-27-2 states:

"At each semi-annual meeting required under section 1 of this chapter, the county treasurer shall make a settlement with the county auditor for the amount of taxes and special assessments which the county treasurer has collected. At each semi-annual meeting, the county treasurer shall also certify to the county auditor, under oath and on the form prescribed by the state board of accounts, the correctness of:

- (1) the credits for cash collected for each taxing unit appearing on the tax duplicate;
and
- (2) any other amounts collected by the county treasurer as required by law."

At the time of each semiannual tax settlement the county treasurer shall report such tax collections, together with the auto rental excise tax and aircraft license excise tax collections discussed in this sections, on County Form No. 49TC, County Treasurer's certificate of Tax Collections, and the total shown by the auditor's records shall be verified with the treasurer's certificate before distribution is made. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 9)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)



May 10, 2016

Grant County
Treasurer's Office

Sarah A. Melford
Treasurer

State Board of Accounts
302 W Washington St, Room E418
Indianapolis, IN 46204-2765

RE: Official Response to Audit – 2014

Please accept this correspondence as my official response to the Audit Results and Comments included in the audit for the year ended December 31, 2014.

As Treasurer, I concur with the Audit Results and Comments included in this report. I fully accept the responsibilities of my office, and I regret that these problems occurred. I assure to you, and to the taxpayers of Grant County, that I have taken steps to remediate these issues.

Upon learning of the deficiencies, I made a necessary personnel change within my office that will rectify the situation moving forward and together we have been working toward accurate and timely reporting.

I appreciate the manner in which the field examiners of the Indiana State Board of Accounts brought these issues to my attention and the guidance and support they gave as I began to take corrective action.

I want the public to know that I am committed to fulfill the responsibilities of the office of Grant County Treasurer in the prescribed manner. The deficiencies that have been noted will be corrected, and my office will be prepared for the 2015 audit.

Sincerely,


Sarah A. Melford

401 S. Adams Street
Marion, IN 46953

phone: 765.668.6556

Fax: 765.651.0692

smelford@grantcounty.net

www.grantcounty.net

COUNTY TREASURER
GRANT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 28, 2016, with Sarah A. Melford, County Treasurer; James E. McWhirt, President of the County Council; and Michael H. Burton, County Commissioner.

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COUNTY SHERIFF
GRANT COUNTY

COUNTY SHERIFF
GRANT COUNTY
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS - SHERIFF CASH BOOK

Depository reconciliations of the Sheriff's Cash Book fund balance to the bank account balance were incorrect. Reconcilements presented for audit contained unresolved reconciling errors from 2012 and 2013. The fund balance was \$246 higher than the bank balance.

A similar comment appeared in prior Report B44397.

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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance that fund. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

JEAN (JOINT EFFORT AGAINST NARCOTICS) TEAM AND CRIME CONTROL FUNDS

The JEAN Team Fund and the Crime Control Fund are maintained by the County Sheriff's Department. The JEAN Team Fund is used to supplement the JEAN Team's federal grant budget. The Crime Control Fund is used to supplement the Sheriff's General Fund Budget.

Indiana Codes 36-2-7-15 and 36-8-10-21 provide statutory authority for the establishment of the Sheriff's Cashbook and the Commissary Fund, respectively. These are the only two funds specifically authorized to be held by the County Sheriff outside the Office of the County Auditor. The Sheriff was informed that the County Auditor, as the Fiscal Officer of the County (IC 36-1-2-7) should maintain the JEAN Team Fund and the Crime Control Fund.

A similar comment appeared in prior Report B44397.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

CONDITION OF RECORDS - SHERIFF COMMISSARY

Financial records presented for audit were incomplete and not reflective of the activity of the Sheriff Commissary Fund. At December 31, 2014, Certificate of Deposits in the amount of \$150,000 were not posted to the Sheriff Commissary Fund.

Interest earned on the investment was automatically added to the principal and not recorded in the records of the Sheriff Commissary Fund. As of December 31, 2014, the amount added to the principal but not posted to the ledger is \$2,939.

A similar comment appeared in prior Report B44397.

COUNTY SHERIFF
GRANT COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 6)

OFFICIAL BOND

The County Sheriff's Surety Bond was insufficient per Indiana code. The County Sheriff's bond coverage was \$45,000 but should have been \$90,000.

A similar comment appeared in prior Report B44397.

Indiana Code 5-4-1-18 states in part:

"(a) Except as provided in subsection (b), the following city, town, county, or township officers and employees shall file an individual surety bond:

- (1) City judges, controllers, clerks, and clerk-treasurers.
- (2) Town judges and clerk-treasurers.
- (3) Auditors, treasurers, recorders, surveyors, sheriffs, coroners, assessors, and clerks.
- (4) Township trustees.
- (5) Those employees directed to file an individual bond by the fiscal body of a city, town, or county.
- (6) Township assessors (if any).

(b) The fiscal body of a city, town, county, or township may by ordinance authorize the purchase of a blanket bond or a crime insurance policy endorsed to include faithful performance to cover the faithful performance of all employees, commission members, and persons acting on behalf of the local government unit, including those officers described in subsection (a).

(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of city controllers, city clerk-treasurers, town clerk-treasurers, Barrett Law fund custodians, county treasurers, county sheriffs, circuit court clerks, township trustees, and conservancy district financial clerks as follows:

COUNTY SHERIFF
GRANT COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

- (1) The amount must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount for the officer or employee. County auditors shall file bonds in amounts of not less than thirty thousand dollars (\$30,000), as fixed by the fiscal body of the county. The amount of the bond of any other person required to file an individual bond shall be fixed by the fiscal body of the unit at not less than fifteen thousand dollars (\$15,000)."

COUNTY SHERIFF
GRANT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 28, 2016, with Darrell L. Himelick, former County Sheriff; Reggie E. Nevels, County Sheriff; Tim Holtzleiten, Chief Deputy; James E. McWhirt, President of the County Council; and Michael H. Burton, County Commissioner.

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COUNTY DRAINAGE BOARD
GRANT COUNTY

COUNTY DRAINAGE BOARD
GRANT COUNTY
AUDIT RESULT AND COMMENT

PUBLIC WORKS PROJECT

During 2014, the County Drainage Board approved re-construction of the Elliott Drain. As of December 31, 2014, the cost of the project was \$375, 643. There was no evidence presented for audit that sealed bids were requested or received.

Indiana Code 36-9-37-78(a) States:

"Whenever the board is ready to let contracts, it shall publish notice in accordance with IC 5-3-1. The notice must:

- (1) state that at a date, time, and place the board will receive bids on the work;
- (2) generally and concisely describe the nature of the work to be done and materials to be furnished;
- (3) invite sealed bids; and
- (4) state that prospective bidders may obtain plans, specifications, and forms from the county surveyor in charge of the work.

A defect in the form of the notice does not invalidate proceedings under the notice."

COUNTY DRAINAGE BOARD
GRANT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 28, 2016, with Mark E. Bardsley, President of the County Drainage Board; James E. McWhirt, President of the County Council; and Michael H. Burton, County Commissioner.