

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

FULTON COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
09/23/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Judith A. Reed	01-01-13 to 12-31-16
County Treasurer	Lorie L. Hurst	01-01-13 to 12-31-16
Clerk of the Circuit Court	Letty McKee Teri Furnivall	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Sheriff	Walker Conley Chris Sailors	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Recorder	Cathy Ginther Cindy Goodman	01-01-11 to 12-31-14 01-01-15 to 12-31-18
President of the Board of County Commissioners	Roger D. Rose Sherry S. Fulton	01-01-14 to 12-31-15 01-01-16 to 12-31-16
President of the County Council	James Widman Gary Sriver	01-01-14 to 12-31-14 01-01-15 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDIANAPOLIS, INDIANA 46204-2769

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TO: THE OFFICIALS OF FULTON COUNTY, INDIANA

This report is supplemental to our audit report of Fulton 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/.

The Federal Findings, identified in the above referenced audit report, are included in this report.

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

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

August 8, 2016

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COUNTY AUDITOR
FULTON COUNTY

COUNTY AUDITOR
FULTON COUNTY
FEDERAL FINDINGS

FINDING 2014-001 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Condition

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).

There were no controls over the preparation and submission of the SEFA. This resulted in the following errors on the SEFA presented for audit:

1. Child Support Enforcement expenditures were overstated \$8,702.
2. ARRA - State Broadband Data and Development Grant Program expenditures of \$2,000 were omitted.
3. Disaster Grants - Public Assistance (Presidentially Declared Disasters) expenditures of \$23,212 were omitted.
4. Emergency Management Performance Grants expenditures of \$25,346 were omitted.
5. The amount of \$179,647 provided to subrecipients from the Formula Grants for Rural Areas was not reported.
6. Program names were not always correct.
7. Local Project names were not always correct.
8. Pass-Through Entity Identifying Numbers were not always correct.

Audit adjustments were proposed, accepted by the County, and made to the SEFA.

Criteria

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. . . ."

COUNTY AUDITOR
FULTON COUNTY
FEDERAL FINDINGS
(Continued)

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

"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.
- (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. . . ."

Cause

Management had not established a system of internal control that would ensure proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could have remained undetected. The SEFA contained the errors identified in the *Condition*.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2014-003 - FINANCIAL TRANSACTIONS AND REPORTING - COUNTY AUDITOR

Condition

There were deficiencies in the internal control system of the County related to financial transactions and reporting. The County Auditor had not implemented effective internal controls over the activities related to financial statement reporting. The County Auditor prepared and submitted the Annual Financial Report (AFR) which was used to generate the financial statement. There were no controls to verify the accuracy of the AFR prior to submission, as a result the following errors were identified:

COUNTY AUDITOR
FULTON COUNTY
FEDERAL FINDINGS
(Continued)

1. The County Recorder was reported twice, which overstated the receipts and disbursements \$75,847.
2. The County Probation Department was reported twice, which overstated the receipts and disbursements \$80,726.
3. The receipts and disbursements of the Treasurer's Trust fund were reported twice and were overstated \$19,918,376.

Audit adjustments were proposed, accepted by the County, and made to the financial statement.

Criteria

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)

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."

Cause

Management had not established a proper system of internal control that would have ensured the proper reporting of the financial statement.

Effect

Without a proper system of internal control in place that operates effectively, material misstatements of the financial statement could have remained undetected. The financial statements contained the errors identified in the *Condition*.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.



FULTON COUNTY AUDITOR'S OFFICE

JUDITH A. REED, AUDITOR
125 E 9TH ST., SUITE 108
ROCHESTER, IN 46975
PHONE: 574-223-2912
FAX: 574-223-2211
EMAIL: fcaudit@rtcol.com

CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action: JUDITH A. REED, AUDITOR
Contact Phone Number: 1-574-223-7706

Views of Responsible Official: We concur with the finding.

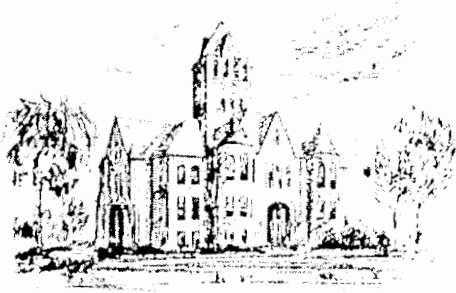
Description of Corrective Action Plan: We are working on internal control policy. Grants will be completed by my accounts payable person, I (Auditor) will initial everything. This is a work in progress.

Anticipated Completion Date: December 31, 2016

Judith A. Reed
(Signature)

Auditor
(Title)

7-20-16
(Date)



Fulton County
AUDITOR
125 East Ninth Street
Rochester, Indiana 46975

CORRECTIVE ACTION PLAN

FINDING 2014-003

Contact Person Responsible for Corrective Action:
Contact Phone Number:

Judith A. Reed, Auditor
574-223-7706

Views of Responsible Official:

We concur with the finding

Description of Corrective Action Plan:

I will put a plan in place that will prevent that from happening in the future.

Anticipated Completion Date:

December 31, 2016

Judith A Reed

(Signature)

Auditor

(Title)

8/3/16

(Date)

COUNTY AUDITOR
FULTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 8, 2016, with Judith A. Reed, County Auditor; Sherry S. Fulton, President of the Board of County Commissioners; Bryan Lewis, County Commissioner; and Gary Sriver, President of the County Council.

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CLERK OF THE CIRCUIT COURT
FULTON COUNTY

CLERK OF THE CIRCUIT COURT
FULTON COUNTY
FEDERAL FINDING

FINDING 2014-002 - FINANCIAL TRANSACTIONS AND REPORTING - CLERK OF THE CIRCUIT COURT

Condition

There were deficiencies in the internal control system of the Clerk of the Circuit Court (Clerk) related to financial transactions and reporting. The Clerk had not separated incompatible activities related to cash and investment balances and disbursements. These deficiencies constitute material weaknesses.

The Clerk completed the bank reconciliation on a monthly basis using computer software. There were no controls in place to ensure that the bank reconciliation was accurate and reflective of the cash and investment balances of the Clerk's Trust fund. In addition, the Clerk generated a Category Detail report which showed disbursements that should be made based on receipts. There were no controls to ensure that those disbursements were properly made.

Criteria

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 Clerks of the Circuit Courts of Indiana, Chapter 13)

Cause

Management had not established a proper system of internal control that would have ensured the accuracy in the financial transactions and reporting of the cash and investments and disbursements.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.



Fulton County Clerk's Office

Teri Furnivall

Telephone: (574) 223-4824

Fax: (574) 223-8304

Courthouse
815 Main Street
Rochester, IN 46975

CORRECTIVE ACTION PLAN

FINDING 2014-002

Contact Person Responsible for Corrective Action: Teri Furnivall
Contact Phone Number: 574-223-4824

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The bank reconciliation will be handled by the Circuit Court First Deputy for the Trust Account and reviewed by the Clerk. Both shall initial upon completion.

The bank reconciliation will be handled by the Clerk for the Support Account and reviewed by the Superior Court First Deputy. Both shall initial upon completion.

The receipts and disbursements will be compared monthly for accuracy. The report will be initialed by the employee handling the comparison and the Clerk.

Anticipated Completion Date: August 9, 2016


(Signature)

Fulton County Clerk

(Title)

August 1, 2016

(Date)

CLERK OF THE CIRCUIT COURT
FULTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 8, 2016, with Teri Furnival, Clerk of the Circuit Court; Sherry S. Fulton, President of the Board of County Commissioners; and Gary Sriver, President of the County Council.