

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

ALLEN COUNTY, INDIANA

January 1, 2015 to December 31, 2015



**FILED**  
10/26/2016



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Tera K. Klutz	01-01-15 to 12-31-18
County Treasurer	Susan L. Orth	01-01-13 to 12-31-16
Clerk of the Circuit Court	Lisbeth A. Borgmann	01-01-15 to 12-31-18
County Sheriff	David J. Gladioux	01-01-15 to 12-31-18
County Recorder	Anita A. Mather	01-01-15 to 12-31-18
County Prosecuting Attorney	Karen E. Richards	01-01-15 to 12-31-18
Circuit Court Judge	Honorable Thomas J. Felts	01-01-15 to 12-31-20
President of the Board of County Commissioners	F. Nelson Peters	01-01-15 to 12-31-16
President of the County Council	Thomas A. Harris Roy A. Buskirk	01-01-15 to 12-31-15 01-01-16 to 12-31-16



**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, 2015 to December 31, 2015. 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 our Financial Statement Report 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/).

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.

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

August 25, 2016

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COUNTY ADULT PROBATION DEPARTMENT  
ALLEN COUNTY

COUNTY ADULT PROBATION DEPARTMENT  
ALLEN COUNTY  
AUDIT RESULT AND COMMENT

**CONDITION OF RECORDS**

The Adult Probation Department did not have adequate controls in place to properly account for the transactions and account balances of the department. The following deficiencies relating to the record keeping were noted:

1. Depository reconciliations of the Adult Probation ledger balance to the bank account balance were conducted; however, the reconciliations contained incorrect outstanding checklists.

In June 2016, as part of our audit, we performed bank reconciliation for December 31, 2015. The difference between the adjusted bank balance and the Adult Probation Ledger indicated cash necessary to balance in the amount of \$398.75 at December 31, 2015.

2. Records presented for audit indicate that the Adult Probation Ledger was not properly posted. At December 31, 2015, the following variances were noted:

<u>Amount</u>	
\$ (7,481)	Probation User and Other Fees
<u>37,537</u>	Restitution
<u>30,056</u>	Adult Probation Ledger
37,537	Restitution Payable Accounts Register
<u>2,235</u>	December 31, 2015 Probation User and other Fees
<u>39,772</u>	Calculated Balance
<u>\$ (9,716)</u>	Variance between Adult Probation Ledger and Calculated Receipts on Hand

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."

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, Chapter 1)

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 the fund. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)



THOMAS J. FELTS  
Judge

ADULT PROBATION DEPARTMENT  
of  
ALLEN COUNTY

Edwin J. Rousseau Centre  
1 East Main Street, 8<sup>th</sup> Floor  
Fort Wayne, IN 46802-2303

PHONE: (260) 449-7113  
FAX: (260) 449-7285

ERIC ZIMMERMAN  
Chief Probation Officer

August 29, 2016

Ms. Susan K. Metzger, Audit Manager  
State Board of Accounts  
302 W. Washington Street  
Room E418  
Indianapolis, IN 46204

Dear Ms. Metzger:

Below is the response to the recent audit of the Allen County Adult Probation Department that was conducted by the State Board of Accounts (SBA) in July, 2016 for fiscal year 2015, and specifically to the exceptions noted on August 18, 2016, during the exit interview.

The Department is committed to identifying the cause for the carry-over balance in 2015. We are confident this balance was caused due to an accounting issue occurring in late 2015, as opposed to any other nefarious reason. We have implemented additional accounting procedures to ensure that all balances are established with proper protocols and have added additional oversight through software controls. These protocols and controls have already been implemented in 2016 with our new Finance Clerk and we are already seeing vast improvement. Another improvement we are seeking in our continued effort for excellence is the addition of an internal controller in the finance office with an accounting education and acumen. The primary duty of this employee will be the accounting oversight of the \$1,000,000 plus dollars collected annually in the Adult Probation Department. Our goal is to have resolution to the exceptions noted in the exit interview by the next SBA audit.

We appreciate the opportunity to provide you with our response.

Respectfully Submitted,

Eric Zimmerman  
Director of Court Services/Chief Probation Officer  
Allen Circuit Court/Allen County Adult Probation

EZ:sje

COUNTY ADULT PROBATION DEPARTMENT  
ALLEN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 18, 2016, with Eric Zimmerman, Director of Court Services/Chief Probation Officer, and Sandra Egts, Executive Secretary.

The contents of this report were discussed on August 25, 2016, with F. Nelson Peters, President of the Board of County Commissioners; Therese Brown, County Commissioner; and Larry Brown, Vice President of the County Council.

COUNTY JUVENILE PROBATION DEPARTMENT  
ALLEN COUNTY

COUNTY JUVENILE PROBATION DEPARTMENT  
ALLEN COUNTY  
AUDIT RESULT AND COMMENT

**CONDITION OF RECORDS**

The Juvenile Probation Department did not have adequate controls in place to properly account for the transactions and account balances of the department. The following deficiencies relating to the record keeping were noted:

1. Depository reconciliations of the fund balance to the bank account balance were conducted; however, the reconciliations contained the following errors.
  - a. The December 31, 2015 depository reconciliation listed two deposits in transit of \$592 and \$85 dated February 28, 2015, and November 30, 2015.
  - b. The December 31, 2015 outstanding checklist was not complete.
2. Records presented for audit included two different attempts at the bank reconciliations using two different systems for the same time period.

In June 2016, as part of our audit, we performed a bank reconciliation for December 31, 2015.

3. The December 31, 2015 bank reconciliation was completed by the Indiana State Board of Accounts in June 2016. The bank reconciliation indicated that the bank balance was higher than the book balance in the amount of \$5,708.
4. A detailed listing of restitution on hand at December 31, 2015, was not available for audit.

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."

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, Chapter 1)

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 the fund. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

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."

COUNTY JUVENILE PROBATION DEPARTMENT  
ALLEN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 22, 2016, with Jamie Mann, Chief Probation Officer/Superintendent; Wendy Kyler, Budget Analyst; and Chandra Reichert, Personnel Manager.

The contents of this report were discussed on August 25, 2016, with F. Nelson Peters, President of the Board of County Commissioners; Therese Brown, County Commissioner; and Larry Brown, Vice President of the County Council.