

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

DUBOIS COUNTY, INDIANA

January 1, 2015 to December 31, 2015



FILED

12/08/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Kathleen M. Hopf	01-01-15 to 12-31-18
County Treasurer	Chad A. Blessinger	01-01-13 to 12-31-16
Clerk of the Circuit Court	Bridgette N. Jarboe	01-01-15 to 12-31-18
County Sheriff	Donald R. Lampert	01-01-15 to 12-31-18
County Recorder	Rebecca S. Gates	01-01-15 to 12-31-18
President of the Board of County Commissioners	Randall L. Fleck Lawrence M. Vollmer	01-01-15 to 12-31-15 01-01-16 to 12-31-16
President of the County Council	Gregory A. Kendall	01-01-15 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF DUBOIS COUNTY, INDIANA

This report is supplemental to our examination report of Dubois 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 Examination Results and Comments that pertain to the County. It should be read in conjunction with our Financial Statement Examination Report of the County, which provides our opinion 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 Examination 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 Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

October 3, 2016

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CLERK OF THE CIRCUIT COURT
DUBOIS COUNTY

CLERK OF THE CIRCUIT COURT
DUBOIS COUNTY
EXAMINATION RESULTS AND COMMENTS

CLERK'S TRUST ITEMS OVER FIVE YEARS OLD

Our review of trust items on hand revealed that many items had been on hand for a period of five years or longer. The Clerk of the Circuit Court (Clerk) has not implemented policies and procedures for reporting unclaimed property and remitting that property to the Attorney General after the five year holding period.

Indiana Code 32-34-1-20(c) states in part:

"Property that is held, issued, or owed in the ordinary course of a holder's business is presumed abandoned if the owner or apparent owner has not communicated in writing with the holder concerning the property or has not otherwise given an indication of interest in the property during the following times: . . .

- (6) For property or proceeds held by a court or a court clerk, five (5) years after the property or proceeds become distributable. The property or proceeds must be treated as unclaimed property under IC 32-34-3. . . ."

Indiana Code 32-34-1-26(a) states: "A holder of property that is presumed abandoned and that is subject to custody as unclaimed property under this chapter shall report in writing to the attorney general concerning the property. Items of value of less than fifty dollars (\$50) may be reported by the holder in the aggregate."

Indiana Code 32-34-1-27(a) states: "Except as provided in subsections (b) and (c), on the date a report is filed under section 26 of this chapter, the holder shall pay or deliver to the attorney general the property that is described in the report as unclaimed."

A similar comment appeared in the prior audit report.

OUTSTANDING CHECK LISTING

The Clerk could not provide for examination a detailed listing of outstanding checks for the ISETS fund as of December 31, 2015. Due to the lack of a detailed listing, we could not verify the amount of \$34,221 reported as outstanding checks on the bank reconciliation performed as of December 31, 2015.

CLERK OF THE CIRCUIT COURT
DUBOIS COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records 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 in accordance with a retention schedule or with the written consent of the administration."

A similar comment appeared in the prior audit report.

INTERNAL CONTROLS

Internal controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient due to a lack of segregation of duties.

The Clerk was involved in the daily collections, receipt writing, and preparation of the bank deposit for the Indiana Support Enforcement Tracking System (ISETS) program. The Clerk posted all receipts to the records and was responsible for writing, issuing, and posting all checks for the department. The Clerk was also the sole person responsible for reconciling the bank statements monthly and preparing the monthly reports. There was no review or oversight over the cash, receipts, disbursements, or reporting processes to ensure that they were performed accurately and completely.

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)

CLERK OF THE CIRCUIT COURT
DUBOIS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2016, with Bridgette N. Jarboe, Clerk of the Circuit Court; Kathleen M. Hopf, County Auditor; Elmer Brames, County Commissioner; and Mary E. Beckman, County Council member.

COUNTY COMMUNITY CORRECTIONS
DUBOIS COUNTY

COUNTY COMMUNITY CORRECTIONS
DUBOIS COUNTY
EXAMINATION RESULTS AND COMMENTS

DEPOSITS

Receipts tested for the Community Corrections Project Income, Community Corrections Commissary, and Community Corrections Indigent funds were deposited later than the next business day for 50 percent, 52 percent, and 70 percent, respectively, of the items tested.

Indiana Code 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

A similar comment appeared in prior audit reports.

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the Community Corrections Project Income fund balances to the bank account balances were not presented for any month in the examination period.

Depository reconciliations of the Community Corrections Commissary fund and Community Corrections Indigent fund balances to the bank account balances were not presented for the months of September through December, 2015.

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."

A similar comment appeared in the prior audit report.

LEDGERS NOT MAINTAINED

Financial records presented for examination were incomplete and not reflective of the activity of the Community Corrections Department (Department). The records presented did not provide sufficient information to establish the accuracy or completeness of the transactions and balances for the Department due to the following deficiencies:

1. A ledger was not maintained for the Community Corrections Project Income fund for 2015.
2. Community Corrections Commissary fund and Community Corrections Indigent fund ledgers were not maintained after April 22, 2015.

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)

A similar comment appeared in the prior audit report.

COUNTY COMMUNITY CORRECTIONS
DUBOIS COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

SUPPORTING DOCUMENTATION

Supporting documentation for three of the ten disbursements tested was not available for examination.

Date	Amount	Payee	Description of Purchase (if any)
02-10-15	\$ 87	Walmart	No description provided.
09-03-15	30	Walmart	No description provided.
10-22-15	<u>1,075</u>	IACCAC Fall Training	Fall Conference Registration
Total	<u>\$ 1,192</u>		

Due to the lack of supporting information, the validity of the disbursements as County expenses could not be verified.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit 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)

INDIGENT FUND

The records presented for examination did not provide sufficient information to establish the accuracy or completeness of the transactions of the Community Corrections Indigent fund because adequate records supporting the financial activity of the program were not maintained.

Funds were made available to the Department program participants who had little or no financial resources through the Community Corrections Indigent fund. Participants were issued a pre-numbered card that they could use to make vending machine purchases of up to a maximum of \$10/day. An Indigent Card Issue Log Sheet was maintained to document the card number that was issued to each participant.

The Department Director would receive weekly Indigent Cash Card Reports from Krodel Wholesale (vending machine vendor) that showed the charges that were made each day by card number. The card number was then matched to a participant using the Indigent Card Issue Log Sheet, and charges were then posted to the participant's Indigent Fund Report. The Indigent Fund Report also included the amounts that had been paid by the participant, including the date and receipt number.

The charges were subsequently entered from the Indigent Fund Reports into the computerized billing system in addition to other program charges. However, based on discussions with the Department staff, staffing shortages prevented the charges from being entered into the billing system on a timely basis. When a participant was released from the program, any collections of amounts owed were strictly based off the information that had been entered into the system.

The Department would receive an invoice, on a quarterly basis, for all amounts that had been charged to the pre-numbered cards by the participants. During 2015, the invoices totaled \$19,595.

COUNTY COMMUNITY CORRECTIONS
DUBOIS COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

During the examination, the following deficiencies existed:

1. Individual Indigent Fund Reports were not presented for examination.
2. Indigent Card Issue Log Sheets for the period of January 1, 2015 to April 28, 2015, were not presented for examination.
3. Weekly Indigent Cash Card Reports from the vendor were not presented for seven weeks of the examination period.
4. Records were not available in order to determine how much of the \$19,595 in charges, per the vendor invoices, was subsequently posted to the billing system as Indigent Fund charges.

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 Counties of Indiana, Chapter 1)

Indiana Code 5-15-6-3, concerning prerequisites to destruction of financial records, states:

"No financial records or records relating to financial records 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 in accordance with a retention schedule or with the written consent of the administration."

A similar comment appeared in the prior audit report.

COLLECTION OF AMOUNTS DUE

As of December 31, 2015, an outstanding balance report of the amounts due from participants was presented for examination. The report reflected an amount owed to the County of \$156,429 for the Community Corrections Project Income fund and \$35,570 for the Community Corrections Indigent fund. Due to the untimely posting of charges and incomplete recordkeeping, the outstanding balances could not be verified.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

A similar comment appeared in the prior audit report.

COUNTY COMMUNITY CORRECTIONS
DUBOIS COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

INTERNAL CONTROLS

Internal controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient due to the lack of segregation of duties.

During the examination period, several people held the position of Director or Interim Director. The person holding the Director's position was solely responsible for receipting and disbursing all funds, recording the financial transactions, and performing all bank reconciliations for the department accounts. There was no review or approval process in place to verify the accuracy and completeness of the records or reconciliations.

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)

COUNTY COMMUNITY CORRECTIONS
DUBOIS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2016, with Megan Durlauf, Treatment Program Facilitator; Jennifer Lampert, Chief Probation Officer; Jodi Richardson, Mental Health Advisory Board member; Kathleen M. Hopf, County Auditor; Elmer Brames, County Commissioner; Mary E. Beckman, County Council member; William C. Wells, Community Corrections Director; and Donald R. Lampert, County Sheriff.

The contents of this report were also discussed via telephone conference on October 5, 2016, with Mark R. McConnell, Judge and President of the Community Corrections Advisory Board; and Nathan Verkamp, Judge and Vice President of the Community Corrections Advisory Board.