

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

LAGRANGE COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
12/08/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Kay M. Myers	01-01-11 to 12-31-18
County Treasurer	Vonda L. Akey	01-01-13 to 12-31-16
Clerk of the Circuit Court	Bonnie J. Brown	01-01-13 to 12-31-16
County Sheriff	Terry A. Martin Jeffrey A. Campos	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Recorder	Jennifer D. McBride	01-01-13 to 12-31-16
County Prosecutor	Jeffery W. Wible Gregory J. Kenner	01-01-11 to 12-31-14 01-01-15 to 12-31-18
President of the Board of County Commissioners	John A. Price (deceased) (Vacant) Larry N. Miller	01-01-14 to 09-06-15 09-07-15 to 09-20-15 09-21-15 to 12-31-16
President of the County Council	Peter A. Cook	01-01-14 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF LAGRANGE COUNTY, INDIANA

This report is supplemental to our audit report of LaGrange 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

November 14, 2016

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COUNTY PROSECUTOR
LAGRANGE COUNTY

COUNTY PROSECUTOR
LAGRANGE COUNTY
FEDERAL FINDING

FINDING 2014-001 - 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

Condition

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the following compliance requirement: Allowable Costs/Cost Principles.

The County Prosecuting Attorney's office was 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 being maintained for employees during the audit period.

Context

There was a lack of controls for the entire audit period; no employee time and effort reports were maintained.

Criteria

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. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non Federal award,

COUNTY PROSECUTOR
LAGRANGE COUNTY
FEDERAL FINDING
(Continued)

- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity. . . ."

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. . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected which could have resulted in the loss of federal funds to the County.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

We also recommended that the County comply with the Allowable Costs/Cost Principles requirements of the program.

Views of Responsible Officials

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



Gregory J. Kenner
Prosecuting Attorney

Travis J. Glick
Chief Deputy

William Walz
Deputy

John Parrish
Investigator

COUNTY OFFICE BLDG.
114 W. MICHIGAN STREET, STE. 5
LAGRANGE, INDIANA 46761
PHONE: 260-499-6326
FAX: 260-499-6402

CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action:

Gregory J. Kenner, LaGrange County Prosecutor

Contact Phone Number: 260-499-6326

View of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

We are putting into place a system of internal control with separate time sheets showing the reporting of segregation of duties for Prosecutor employees paid partially from Child Support Enforcement grant funds.

Anticipated Completion Date:

Next reporting period for payroll ending November 11, 2016.

Gregory J. Kenner
LaGrange County Prosecuting Attorney
November 1, 2016

COUNTY PROSECUTOR
LAGRANGE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 14, 2016, with Gregory J. Kenner, County Prosecutor; Larry N. Miller, President of the Board of County Commissioners; Peter A. Cook, President of the County Council; and Michael G. Strawser, Vice President of the County Council.

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COUNTY AUDITOR
LAGRANGE COUNTY

COUNTY AUDITOR
LAGRANGE COUNTY
FEDERAL FINDING

***FINDING 2014-002 - SPECIAL TESTS AND PROVISIONS -
SEPARATE ACCOUNTABILITY FOR ARRA FUNDING***

Federal Agency: Department of Transportation
Federal Program: ARRA - Formula Grants for Rural Areas
CFDA Number: 20.509
Federal Award Number and Year (or Other Identifying Number): A249-14-320487
Pass-Through Entity: Indiana Department of Transportation

Condition

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Separate Accountability for ARRA Funding compliance requirement.

The County combined the federal program records of Formula Grants for Rural Areas and ARRA - Formula Grants for Rural Areas into the Council On Aging Transit Grant Fund; however, the ARRA - Formula Grants for Rural Areas was required to maintain separate records.

Context

No control procedures had been established for the audit period to ensure ARRA - Formula Grants for Rural Areas maintained separate records from Formula Grants for Rural Areas.

Criteria

2 CFR 176.210 states in part:

"(a) To maximize the transparency and accountability of funds authorized under the American Recovery and Reinvestment Act of 2009 (Pub. L. 111-5) (Recovery Act) as required by Congress and in accordance with 2 CFR 215.21 'Uniform Administrative Requirements for Grants and Agreements' and OMB Circular A-102 Common Rules provisions, recipients agree to maintain records that identify adequately the source and application of Recovery Act funds. . . ."

COUNTY AUDITOR
LAGRANGE COUNTY
FEDERAL FINDING
(Continued)

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. . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected which could have resulted in the loss of federal funds to the County.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

We also recommended that the County comply with the Special Tests and Provisions - Separate Accountability for ARRA Funding requirements of the program.

Views of Responsible Officials

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



LaGrange County Auditor

114 West Michigan Street
Suite 1
LaGrange, IN 46761

Phone 260-499-6430
Fax 260-499-6401

CORRECTIVE ACTION PLAN

FINDING 2014-002

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana
Department of Transportation

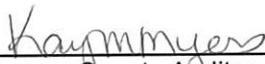
Contact Person Responsible for Corrective Action: Kay Myers, County Auditor

Contact Phone Number: 260-499-6310

Description of Corrective Action Plan:

In the future federal program records of Formula Grants for Rural Areas and ARRA-Formula Grants for Rural Areas will not be combined into the same fund. The ARRA funds will be maintained separately. This will be corrected no later than November 10, 2016.

The Auditor has implemented internal controls to 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. Implementing internal policy to address segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.



LaGrange County Auditor

November 3, 2016

COUNTY AUDITOR
LAGRANGE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 14, 2016, with Kay M. Myers, County Auditor; Larry N. Miller, President of the Board of County Commissioners; Peter A. Cook, President of the County Council; and Michael G. Strawser, Vice President of the County Council.