

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WASHINGTON 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	Sarah Bachman Randall Bills	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Treasurer	Robert Woodward	01-01-13 to 12-31-16
Clerk of the Circuit Court	Shirley Batt	01-01-13 to 12-31-16
County Sheriff	Claude C. Combs Roger L. Newlon	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Recorder	Kyra Stephenson	01-01-11 to 12-31-18
President of the Board of County Commissioners	Phillip D. Marshall	01-01-14 to 12-31-16
President of the County Council	David Hoar Jonathan Spaulding	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
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF WASHINGTON COUNTY, INDIANA

This report is supplemental to our audit report of Washington 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

October 4, 2016

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COUNTY AUDITOR
WASHINGTON COUNTY

COUNTY AUDITOR
WASHINGTON COUNTY
FEDERAL FINDINGS

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

Condition

The County did not have a system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

The SEFA contained the following errors:

1. Two federal programs were excluded.
2. The SEFA was understated in the amount of \$33,676.
3. Several program titles and project numbers were incorrect.

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, 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.
- (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.

COUNTY AUDITOR
WASHINGTON COUNTY
FEDERAL FINDINGS
(Continued)

- (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."

Cause

Management had not established a system of internal controls that would have ensured accurate and complete reporting of the federal expenditures on the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-002 - DAVIS-BACON ACT

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's program
and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number and Year (or Other Identifying Number): CF-12-121
Pass-Through Entity: Indiana Office of Community and Rural Affairs

Condition

Management of the County had not established an effective internal control system, which would have included segregation of duties, related to the grant agreement and the requirements related to the Davis-Bacon Act.

The County did not have controls to verify that the grant administrator had properly communicated with the contractor and subcontractors regarding the required prevailing wage rates and other Davis-Bacon Act requirements.

COUNTY AUDITOR
WASHINGTON COUNTY
FEDERAL FINDINGS
(Continued)

Context

The County relied solely on the grant administrator to ensure compliance with all the Davis-Bacon Act requirements and no controls were identified to indicate that anyone at the County was verifying that the grant administrator was performing those functions.

Criteria

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 would have ensured that the County complied with the compliance requirements related to the Davis-Bacon Act.

Effect

The failure to establish an effective internal control system placed the County at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County's management establish and implement controls related to the grant agreement and requirements pertaining to the Davis Bacon Act.

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 - SUBRECIPIENT MONITORING

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's program
and Non-Entitlement Grants in Hawaii

CFDA Number: 14.228

Federal Award Numbers and Years (or Other Identifying Numbers): HD-011-013, HD-013-005

Pass-Through Entity: Indiana Housing and Community Development Authority

COUNTY AUDITOR
WASHINGTON COUNTY
FEDERAL FINDINGS
(Continued)

Condition

Management of the County had not established an effective internal control system which would have ensured compliance with the Subrecipient Monitoring compliance requirement.

The County passed through \$30,220 of Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii (CDBG) program funds to a subrecipient. The subrecipient notified the County by phone to inform it that they should have received funds from the State pass-through agency, Indiana Housing and Community Development Authority. County officials verified the deposit of these funds. The amount deposited was then disbursed to the subrecipient without any supporting documentation.

The County did not have any policies and procedures in place to monitor the subrecipient, and no actual monitoring occurred.

The County did not ensure that their subrecipient obtained the required audits, nor did they obtain or review the audit reports so that they could take appropriate and timely action, if required.

The County did not obtain from or require that the subrecipient to provide its DUNS number.

Context

During the audit period there was no documentation of controls or evidence to indicate that the County was actively monitoring the subrecipients.

Criteria

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. . . ."

OMB Circular A-133, Subpart D, section .400 states in part:

"Pass-through entity responsibilities: A pass-through entity shall perform the following for the Federal awards it makes: . . .

- (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- (4) Ensure that subrecipients expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.
- (5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action. . . ."

COUNTY AUDITOR
WASHINGTON COUNTY
FEDERAL FINDINGS
(Continued)

2 CFR Appendix A to Part 25.360(B) states:

"If you are authorized to make subawards under this award, you:

1. Must notify potential subrecipients that no entity (see definition in paragraph C of this award term) may receive a subaward from you unless the entity has provided its DUNS number to you.
2. May not make a subaward to an entity unless the entity has provided its DUNS number to you."

Cause

Management had not developed a system of internal controls that would have ensured that the County complied with the requirements for Subrecipient Monitoring.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance of the grant agreement or the Subrecipient Monitoring requirements that have a direct and material effect to the program 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 and implement controls related to the grant agreement and the requirements for Subrecipient Monitoring.

Views of Responsible Officials

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

Washington County Auditor



County Est. 1814

Randall Bills, Auditor

99 Public Square, Suite 103 ~ Salem, IN 47167

CORRECTIVE ACTION PLAN

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

Contact Person Responsible for Corrective Action: Randall Bills

Contact Phone Number: 812-883-4805

Views of Responsible Official: We concur with the findings.

Description of Corrective Action Plan:

An internal control system plan will be prepared for proper preparation of all SEFA awards to insure accurate and complete reporting of federal programs.

Anticipated Completion Date: December 31, 2016

Randall Bills

(Signature)

Auditor

(Title)

September 22, 2016

(Date)

Washington County Auditor



County Est. 1814

Randall Bills, Auditor

99 Public Square, Suite 103 ~ Salem, IN 47167

CORRECTIVE ACTION PLAN

FINDING 2014-002- DAVIS BACON

Contact Person Responsible for Corrective Action: Randall Bills

Contact Phone Number: 812-883-4805

Views of Responsible Official: We concur with the findings.

Description of Corrective Action Plan:

An internal control system plan will be prepared for proper segregation of duties, related to block grant agreement and compliance of federal requirements for Davis Bacon.

Anticipated Completion Date: December 31, 2016

Randall Bills
(Signature)

Auditor
(Title)

September 22, 2016
(Date)

Washington County Auditor



County Est. 1814

Randall Bills, Auditor

99 Public Square, Suite 103 ~ Salem, IN 47167

CORRECTIVE ACTION PLAN

FINDING 2014-003- SUBRECIPIENT MONITORING

Contact Person Responsible for Corrective Action: Randall Bills
Contact Phone Number: 812-883-4805

Views of Responsible Official: We concur with the findings.

Description of Corrective Action Plan:

An internal control system plan will be prepared for proper subrecipient monitoring of duties, related to grant agreement, subrecipient agreement and compliance with federal requirements..

Anticipated Completion Date: December 31, 2016

Randall Bills
(Signature)

Auditor
(Title)

September 22, 2016
(Date)

COUNTY AUDITOR
WASHINGTON COUNTY
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The financial statement presented in the Financial Statement and Federal Single Audit Report included the following funds with overdrawn cash balances at December 31, 2014:

Fund	Amount Overdrawn
Emergency Telephone System	\$ 7,400
Statewide 911	3,542
Sheriff Drug Investigation	9,459
Sewage Collections	524
Adult Protective Service	25,725

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

APPROPRIATIONS

The following expenditures were in excess of budgeted appropriations:

Fund	Year	Excess Amount Expended
Jail Bond	2014	\$ 332,500

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."

COUNTY AUDITOR
WASHINGTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 4, 2016, with Randall Bills, County Auditor; Sarah Bachman, former County Auditor; Michele Fleenor, First Deputy Auditor; Phillip D. Marshall, President of the Board of County Commissioners; Jonathan Spaulding, President of the County Council; Frank Nobles, County Council member; Dustin Howard, Attorney for the County Commissioners; and Mark Clark, Attorney for the County Council.

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COUNTY PROSECUTING ATTORNEY
WASHINGTON COUNTY

COUNTY PROSECUTING ATTORNEY
WASHINGTON COUNTY
FEDERAL FINDINGS

FINDING 2014-004 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Health and Human Services
Federal Programs: Child Support Enforcement, ARRA - Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or other Identifying Number): 2014
Pass-Through Agency: Indiana Department of Child Services

Condition

Management of the County had not established an effective internal control system over the requirements relating to Allowable Costs/Cost Principles.

The County Prosecuting Attorney's office was required to maintain Semi-Annual Certifications (time and effort reports) for all full and part-time employees paid from the grant. There were no Semi-Annual Certifications completed for the five full-time employees that worked solely on IV-D activities during the audit period.

Context

No Semi-Annual Certifications were completed for the five full-time employees working solely on IV-D activities during the audit period.

Criteria

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. . . ."

OMB Circular A-87, Attachment B, item 8(h)(3), states:

"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."

Cause

The IV-D Administrator was not aware of the requirements for maintaining Semi-Annual Certifications.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance of the grant agreement or the Allowable Costs/Cost Principles requirements that have a direct and material effect to the program could have resulted in the loss of federal funds to the County.

COUNTY PROSECUTING ATTORNEY
WASHINGTON COUNTY
FEDERAL FINDINGS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County Prosecuting Attorney's office establish controls, including segregation of duties, related to the grant agreement and requirements pertaining to Allowable Costs/Cost Principles.

Views of Responsible Officials

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

FINDING 2014-005 - EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: Department of Health and Human Services
Federal Programs: Child Support Enforcement, ARRA - Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or other Identifying Number): 2014
Pass-Through Agency: Indiana Department of Child Services

Condition

Management of the County had not established an effective internal control system over the requirements relating to Equipment and Real Property Management.

County officials did not have controls in place to ensure that capital assets purchased with federal funds were properly accounted for and capital assets purchased with IV-D funds through the County Prosecuting Attorney's office were not included on the County's capital assets records.

Context

During the audit period 100 percent of the equipment purchased with IV-D funds through the County Prosecuting Attorney's office was not included on the County's capital asset records.

Criteria

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. . . ."

45 CFR 92.32(d) states:

"*Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

COUNTY PROSECUTING ATTORNEY
WASHINGTON COUNTY
FEDERAL FINDINGS
(Continued)

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the grantee or subgrantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return."

Cause

The Title IV-D Administrator in the County Prosecuting Attorney's office was not completing the County's required form used to identify capital asset purchases.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance of the grant agreement or the Equipment and Real Property Management requirements that have a direct and material effect to the program 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 Prosecuting Attorney's office establish and implement controls related to the grant agreement and the requirements pertaining to Equipment and Real Property Management.

Views of Responsible Officials

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

OFFICE OF THE PROSECUTING ATTORNEY

DUSTIN L. HOUCHIN
Prosecuting Attorney

BLAINE S. GOODE
Chief Deputy Prosecuting Attorney

MELISSA CAMPBELL
Deputy Prosecuting Attorney



42nd JUDICIAL CIRCUIT
WASHINGTON COUNTY, INDIANA
812-883-8560
FAX: 812-883-4333

Mailing Address:

806 Martinsburg Rd., Suite 202
Salem, Indiana 47167

September 13, 2016

FINDING 2014-004 – Allowable Costs/Cost Principles

Federal Agency: U. S. Department of Health and Human Services

Federal Program: Child Support Enforcement

CFDA Number: 93.563

Federal Award Number and Year (or other Identifying Number): 2014

Pass-Through Agency: Indiana Department of Child Services

CORRECTIVE ACTION PLAN

Washington County Prosecuting Attorney Office – IV-D

Dustin Houchin, Prosecuting Attorney

Janet Moore, IV-D Administrator

812-883-6569

On August 8, 2016, the IV-D Administrator met with Phyllis Moffatt, State Auditor to discuss and address the maintaining records of periodic certifications required for all full-time employees working solely on IV-D activities.

DESCRIPTION OF CORRECTIVE ACTION PLAN

The Administrator has always maintained copies of the payroll records for the IV-D employees however was unaware that (time and effort reports) were to be maintained as a permanent record. The Administrator is now aware of the forms to complete and to submit semi-annually to the FSSA/Child Support Bureau as well as maintaining a copy of document in local records.

ANTICIPATED COMPLETION DATE

Washington County anticipates this corrective action plan to be ongoing exercise to complete every six months as notified by the FSSA Child Support Bureau. The Administrator had been completing and submitting the report; however, had failed to maintain a copy of the local records.

FINDING 2014-005 –EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: U. S. Department of Health and Human Services

Federal Program: Child Support Enforcement

CFDA Number: 93.563

Federal Award Number and Year (or other Identifying Number): 2014

Pass-Through Agency: Indiana Department of Child Services

CORRECTIVE ACTION PLAN

Washington County Prosecuting Attorney Office – IV-D

Dustin Houchin, Prosecuting Attorney

Janet Moore, IV-D Administrator

812-883-6569

On August 8, 2016, the IV-D Administrator met with Phyllis Moffatt, State Auditor to address and discuss the proper procedure to maintain capital assets record keeping as well as what constitutes as a capital asset.

DESCRIPTION OF CORRECTIVE ACTION PLAN

The Administrator is updated on how a capital asset is defined, and how to maintain the records pursuant to the grant agreement and the compliance requirements. As of August 8, 2016 and with the assistance of Phyllis Moffatt, the IV-D asset records have been updated and submitted to the local Auditor’s Office to ensure asset records are current.

ANTICIPATED COMPLETION DATE

Once again Washington County anticipates this corrective action plan to be ongoing exercise to be completed every time a capital asset is purchased or disposed of by completing the asset worksheet provided by the local Auditor Office.

REVIEWED BY:



Dustin Houchin, Prosecutor
Washington County

DATED: 9-13-16

COUNTY PROSECUTING ATTORNEY
WASHINGTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 4, 2016, with Dustin Houchin, County Prosecuting Attorney; Phillip D. Marshall, President of the Board of County Commissioners; Jonathan Spaulding, President of the County Council; Frank Nobles, County Council member; Dustin Howard, Attorney for the County Commissioners; and Mark Clark, Attorney for the County Council.

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COUNTY SHERIFF
WASHINGTON COUNTY

COUNTY SHERIFF
WASHINGTON COUNTY
AUDIT RESULTS AND COMMENTS

SUPPORTING DOCUMENTATION

The following disbursements did not include supporting documentation to support the purchase.

<u>Date</u>	<u>Amount</u>	<u>Payee</u>	<u>Description of Purchase</u>
12-22-14	\$ 472	Claude Combs	Verizon Wireless
10-09-14	<u>1,025</u>	PNC Credit Card	Credit Card Purchase
Totals	<u>\$ 1,497</u>		

Due to the lack of supporting information, we could not verify the purpose of the disbursement.

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)

BANK ACCOUNT RECONCILIATIONS

As stated in the prior report number B44394, the depository reconciliation of the Cash Book provided by the County Sheriff noted that the record balance exceeded the reconciled bank balance by \$116. In addition, the officials could not identify \$12,422 of their record balance.

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

COUNTY SHERIFF
WASHINGTON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

CONDITION OF RECORDS

As stated in the prior report number B44394, the Jail Commissary fund should be used to account for money generated from commissary sales. The Washington County Jail Commissary fund includes inmate trust funds. To make purchases from the Jail Commissary fund, inmates are required to purchase a commissary card. At the time the card is purchased, the money is disbursed from the Sheriff's Inmate Trust fund and deposited into the Jail Commissary fund even though no merchandise has been sold. Therefore, the Jail Commissary fund balance includes inmate trust funds. At the current time, no procedures are in place to determine the amount of the Jail Commissary fund balance that belongs to the inmates.

Individual inmate records are kept as a subsidiary record to the Inmate Trust Ledger. The ledger and subsidiary records do not agree at December 31, 2014.

Indiana Code 36-8-10-22 states in part:

"(a) This section applies to any county that operates a county jail.

(b) The sheriff shall hold in trust separately for each inmate any money received from that inmate or from another person on behalf of that inmate. . . ."

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)

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 of Indiana, Chapter 1)

COUNTY SHERIFF
WASHINGTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 4, 2016, with Roger Newlon, County Sheriff; Claude C. Combs, former County Sheriff; and Gloria J. Combs, Bookkeeper; Phillip D. Marshall, President of the Board of County Commissioners; Jonathan Spaulding, President of the County Council; Frank Nobles, County Council member; Dustin Howard, Attorney for the County Commissioners; and Mark Clark, Attorney for the County Council.

BOARD OF COUNTY COMMISSIONERS
WASHINGTON COUNTY

BOARD OF COUNTY COMMISSIONERS
WASHINGTON COUNTY
AUDIT RESULT AND COMMENT

WORK PERFORMED ON PERSONAL PROPERTY

The Board of County Commissioners authorized the paving of four-tenths of a mile of a private road used as a school bus turnaround. The section of road was paved on June 25, 2015, at a cost of \$6,765. The road is the entry road into a subdivision and it is not owned by the County. The Board of County Commissioners approved payment of this invoice at their October 3, 2016 meeting.

Generally, public funds may not be used to make improvements to property not owned by the governmental unit, unless permitted by statute, federal or state requirements, or safety concerns. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

BOARD OF COUNTY COMMISSIONERS
WASHINGTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 4, 2016, with Phillip D. Marshall, President of the Board of County Commissioners; Jonathan Spaulding, President of the County Council; Frank Nobles, County Council member; Dustin Howard, Attorney for the County Commissioners; and Mark Clark, Attorney for the County Council.

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COUNTY COUNCIL
WASHINGTON COUNTY

COUNTY COUNCIL
WASHINGTON COUNTY
AUDIT RESULT AND COMMENT

COMPENSATION AND BENEFITS

The Salary Ordinance for the EMS department was not properly approved by the County Council. The Salary Ordinance simply stated an overall budget for five separate job classifications. There were 13 employees paid from those five classifications and no actual rates of pay were being approved.

Also, in the Park Nonreverting Operating fund, there were six job classifications that were listed in the Salary Ordinance as overall budgets. Similar to the EMS department, these classifications had no approved individual rates of pay.

Since no approved rates of pay were included in the Salary Ordinance for these individuals, it could not be determined if they were properly paid during the audit period.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY COUNCIL
WASHINGTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 4, 2016, with Phillip D. Marshall, President of the Board of County Commissioners; Jonathan Spaulding, President of the County Council; Frank Nobles, County Council member; Dustin Howard, Attorney for the County Commissioners; and Mark Clark, Attorney for the County Council.