

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

MONROE COUNTY, INDIANA

January 1, 2015 to December 31, 2015



**FILED**  
12/29/2016



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Steve Saulter (Vacant) Therese K. Chambers	01-01-13 to 07-08-16 07-09-16 to 07-28-16 07-29-16 to 12-31-16
County Treasurer	Catherine C. Smith	01-01-13 to 12-31-16
Clerk of the Circuit Court	Linda Robbins (Vacant) Nicole Lynn Browne	01-01-15 to 03-04-16 03-05-16 to 03-20-16 03-21-16 to 12-31-18
County Sheriff	Brad Swain	01-01-15 to 12-31-18
County Recorder	Eric Schmitz	01-01-15 to 12-31-18
County Prosecuting Attorney	Chris Gaal	01-01-15 to 12-31-18
President of the Board of County Commissioners	Julie Thomas Patrick Stoffers	01-01-15 to 12-31-15 01-01-16 to 12-31-16
President of the County Council	Cheryl Munson	01-01-15 to 12-31-16



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MONROE COUNTY, INDIANA

This report is supplemental to our audit report of Monroe 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 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/](http://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

November 29, 2016

COUNTY AUDITOR  
MONROE COUNTY

COUNTY AUDITOR  
MONROE COUNTY  
FEDERAL FINDINGS

**FINDING 2015-001 - PREPARATION OF THE 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 incorrect expenditures reported for several programs as follows:

- Edward Byrne Memorial Justice Assistance Grant Program (CFDA 16.738) was understated \$5,189.
- Highway Planning and Construction (CFDA 20.205) was understated \$31,848.
- National Infrastructure Investments (CFDA 20.933) was understated \$7,240.
- Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements (CFDA 93.074) was understated \$13,465.
- Child Support Enforcement (CFDA 93.563) was overstated \$61,366.

Other errors included:

- Incorrect program names.
- Direct grants incorrectly identified as pass-through grants.

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)

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

COUNTY AUDITOR  
MONROE COUNTY  
FEDERAL FINDINGS  
(Continued)

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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 must 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. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

*Cause*

Management of the County had not established a system of internal control that would have ensured accurate and complete reporting of 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. The SEFA contained the errors identified in the *Condition*.

COUNTY AUDITOR  
MONROE COUNTY  
FEDERAL FINDINGS  
(Continued)

*Views of Responsible Officials*

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

**FINDING 2015-002 - INTERNAL CONTROLS OVER FINANCIAL  
TRANSACTIONS AND REPORTING - COUNTY AUDITOR**

*Condition*

There were the following deficiencies in the internal control system of the County Auditor's office related to financial transactions and reporting:

1. *Reporting:*

Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatements to the County's audited financial statement and then determining how those identified risks should be managed. The County had not identified risks to the preparation of a reliable financial statement, including notes to the financial statement.

Employees in the County Auditor's office entered the County's financial activity from the County's software directly into the Gateway system. The Annual Financial Report was used to prepare the financial statement presented in this report. There was no control in place to ensure the information reported was accurate and complete.

2. *Transactions:*

*Payroll Disbursements:* The County Auditor's office had not separated incompatible activities related to payroll and payroll related liabilities. The following payroll functions were performed by various individuals; however, there was no oversight or review process to ensure the accuracy and completeness of amounts posted to the records:

- Changing the payroll amounts/deductions in the accounting software or to the Wage and Tax Statements (W-2).
- Verifying the amounts being paid to the employees agreed to the salary ordinance, leave balances recorded, timesheets, payroll claim vouchers, and payroll system reports agreed to direct deposit.
- Posting and maintaining the Payroll Clearing fund and the various subaccounts of the Payroll Clearing fund.
- Recording pension payments in the PERF subaccount, which contained many posting errors.

COUNTY AUDITOR  
MONROE COUNTY  
FEDERAL FINDINGS  
(Continued)

3. *Redevelopment Commission Funds:*

Due to new legislation, redevelopment commission funds were to come under the control of the County Fiscal Officer as of July 1, 2014. The four funds from the redevelopment commission, the Richland TIF Debt Funds, the Westside TIF Sinking Fund, the Monroe County Redev. Dist Bond 2015 fund and the Monroe County Redev. Dist Bond 2015 Debt Service Reserve fund, were not included in the County Auditor's ledger as of December 31, 2015, and, therefore, did not come under the control of the County Fiscal Office as of July 1, 2014.

The financial activity of the Monroe County Redev. Dist Bond 2015 fund and the Monroe County Redev. Dist Bond 2015 Debt Service Reserve fund was not included by the County in the financial statement. 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 36-7-14-8(b) states in part:

"The fiscal officer of the unit establishing a redevelopment commission is the treasurer of the redevelopment commission. Notwithstanding any other provision of this chapter, the treasurer has charge over and is responsible for the administration, investment, and disbursement of all funds and accounts of the redevelopment commission in accordance with the requirements of state laws that apply to other funds and accounts administered by the fiscal officer. . . ."

*Cause*

The County Auditor had not established a proper system of internal control.

*Effect*

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

COUNTY AUDITOR  
MONROE COUNTY  
FEDERAL FINDINGS  
(Continued)

*Views of Responsible Officials*

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

***FINDING 2015-007 - INTERNAL CONTROLS OVER CHILD SUPPORT ENFORCEMENT***

Federal Agency: Department of Health and Human Services  
Federal Programs: Child Support Enforcement  
CFDA Number: 93.563  
Federal Award Number and Year (or Other Identifying Number): 1304IN4005  
Pass-Through Entity: Indiana Department of Child Services

The Allowable Costs/Cost Principles was a noncompliance/internal control finding in the immediate prior year. The prior year finding number was 2014-008.

*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 requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting.

*Activities Allowed or Unallowed*

The County Clerk and the IV-D Court did not have effective internal controls to ensure that program funds were used for Activities Allowed or Unallowed.

*Allowable Costs/Cost Principles*

The County contracted with a consultant to prepare a cost allocation plan. The County did not establish internal controls to ensure that the cost allocation plan was complete and accurate.

*Reporting*

The County Prosecuting Attorney's office did not have effective internal controls to ensure that the quarterly incentive reports were accurate and complete.

COUNTY AUDITOR  
MONROE COUNTY  
FEDERAL FINDINGS  
(Continued)

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

*Cause*

The County had not established a proper system of internal controls to provide reasonable assurance that the County complied with the compliance requirements noted above.

*Effect*

The failure to establish effective internal controls could have enabled material noncompliance to go undetected. Noncompliance of the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the County.

*Questioned Costs*

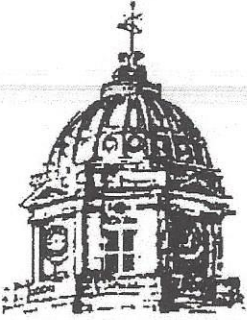
There were no questioned costs identified.

*Recommendation*

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

*View of Responsible Officials*

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



**THERESE K. CHAMBERS**  
Monroe County Auditor

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Monroe County Courthouse  
100 W. Kirkwood, Rm. 209  
Bloomington, IN 47404  
Office (812) 349-2510  
Fax (812) 349-2280

**CORRECTIVE ACTION PLAN**  
**(SBOA Audit for Year: 2015)**

**FINDING 2015-001:**

Contact Person Responsible for Corrective Action: Therese Chambers  
Contact Phone Number: 812-349-2510

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Grant-related findings:

Regarding preparation of the schedule of expenditures of federal awards, Grant Navigator is up and running and being kept current. The Claims Financial Representative is processing the claims in the software system for payment of claims submitted by departments. The Grant Administrator is double-checking for accuracy and making sure that funds are being spent appropriately according to the grant terms.

The Grants Administrator is in communication with departments regarding questions and concerns with the grants. We will also be monitoring fund balances on grants to make sure funds are not being overspent. New spreadsheets have been created to track funds when they come in and funds as they are spent.

There has been a new position established, Second Financial Representative. If we can get the Council to fund this much-needed position for 2017 forward, it will be responsible for auditing and cross-checking the AP claims. This position would also be responsible for cross-checking the grants and the Schedule of Expenditures of Financial Awards (SEFA). This would include comparing the financial statements to what is reported. For the reimbursable grants, the expenditures on the SEFA would be the receipts received for that year. With the upfront grant awards, which we have very few of, where the money is received before it is spent we will track those expenditures. Then once the SEFA is completed by the Grants Administrator, the Second Financial Representative will do the review between Gateway and our system.

Anticipated completion date: 2017

**FINDING 2015-002:**

Contact Person Responsible for Corrective Action: Therese Chambers  
Contact Phone Number: 812-349-2510

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Debt, AP Claims and Payroll findings:

Claims are generated by the department paying the debt. Claims are checked in the Auditor's office and will be followed up by creation of a spreadsheet for all debt and capital lease payments with a separate tab for each debt. These will be tracked by payment date, payment amount, interest, unit making payments, and method of payment including check number. The Auditor's office Administrative Assistant will follow up with bank to make sure each check clears and compare to Gateway information. We are creating the same type of procedures for contracts as well.

Anticipated completion date: 2016 and 2017

In connection with controls over receipting, disbursing, recording and accounting for the financial activities to avoid invalid transactions or inaccurate records and financial statements, we are double-checking the claims against the invoice edit report and then checking the checks against the check register report once they are printed. The person entering is not the person doing the checking. This procedure was put into place July 29, 2016. This duty would also be that of the Second Financial Representative.

The new LOW payroll financial software should help with some of these issues by generating reports to assist in cross-checking of data entry. W2s will be handled from the LOW system with LOW's assistance.

The Grants Administrator is also the backup to Payroll and is trained to complete payroll in the absence of the Payroll Administrator. As backup, the Grants Administrator will also be double-checking payroll entries, direct deposit amounts, and cross-checking the pension plans. The Grants Administrator will double-check the salary amounts entered into the software system against the Salary Ordinance.

The Payroll Administrator will ensure that all timesheets and vouchers are being signed by the department head or elected official. Payroll clearing of funds will be handled the same as the PERF. Employee leave information is calculated by Human Resources and entered into the Auditor's system.

Receipting is now a dual effort between Treasurer and Auditor. The Treasurer's office receives the checks and/or cash. Auditor receives a copy of the check. Cash is counted by the Auditor and Treasurer offices at the same time and calculation tape is created and printed. The tape is initialed by both the Auditor and Treasurer and the Auditor's office then quietuses the amount in. The Treasurer signs off on the quietus for cross-checking.

Anticipated completion date: 2016 and 2017

Redevelopment Commission Funds:

The accounts need to be placed on the Treasurer's reporting. All claims need to go through normal County claims procedures. Need to meet with old National to make sure they know the required authorization of Treasurer, Auditor and Redevelopment Commission.

Anticipated completion date: 2017

**FINDING 2015-007 - INTERNAL CONTROL OVER CHILD SUPPORT ENFORCEMENT**

Contact Person Responsible for Corrective Action: Therese Chambers  
Contact Phone Number: 812-349-2510

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:


Allowable Costs/Cost Principles findings:

Creation of the Central Services Cost Allocation Plan (CAP) is contracted out. Once the contracted company submits the CAP to the Auditor, it will be reviewed with the representative from the contracted company, along with supporting documentation to ensure that the County is in agreement with the data provided. The CAP will be reviewed by the Auditor, Clerk and Prosecutor, and each elected official will create a spreadsheet and/or detailed written findings regarding the CAP.

Anticipated completion date: 2017.



Patrick Stoffers, President  
Board of Commissioners



Therese K. Chambers, Auditor

Dated: November 29, , 2016

COUNTY AUDITOR  
MONROE COUNTY  
AUDIT RESULTS AND COMMENTS

**CONDITION OF RECORDS, LONG-TERM DEBT TRANSACTIONS, AND REPORTING**

Financial records presented for audit were incomplete and not reflective of the activity of the Debt Service funds. Errors included failure to report four debt issues on the debt schedule and two capital leases were incorrectly classified as revenue bonds. In addition, amounts reported for principal and interest due within one year for the bond issues were incorrect. No supporting documentation was provided to support the original debt principal balances and principal and interest due amounts reported.

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)

**ACCOUNTING FOR LOAN PROCEEDS**

The Honeywell Energy Project Fund (fund 4805) was created in the records to account for the loan proceeds and corresponding expenditures for the Honeywell project. The fund was created by the County Auditor. The loan was entered into by the County Auditor with approval by the Board of County Commissioners. Disbursements from the fund were made without proper appropriation by the County Council. This fund's financial activity was reported in the Capital Projects fund in the financial statement and not as a separate fund.

Indiana Code 36-2-6-18(a) states in part:

"The county fiscal body may, by ordinance:

- (1) make loans for the purpose of procuring money to be used in the exercise of county powers and for the payment of county debts other than current running expenses, and issue bonds or other county obligations to refund those loans. . . ."

Indiana Code 36-2-6-18(c)(5) states: "The County fiscal body must state the funds and revenues in anticipation of which the warrants are issued and out of which they are payable."

COUNTY AUDITOR  
MONROE COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

***CAPITAL ASSETS***

The County has not properly maintained a complete inventory of capital assets for several years. The capital assets records were not updated for additions and deletions for 2015.

A similar comment was reported in the prior audit report.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the applicable Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

***INCORRECT PROPERTY TAX DISTRIBUTION PAYMENT***

Internal controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient to detect and correct errors in the distribution of property tax collections. The County overpaid the City of Bloomington (City) \$251,306 when they made the distribution of the fall 2015 property tax collections. As of the conclusion of field work, the County has not recovered this erroneous distribution from the City.

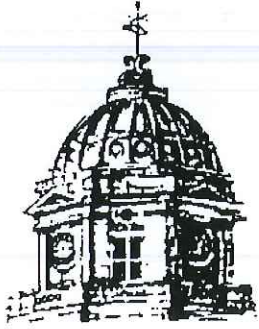
Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other 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)

Upon receipt of the duplicate, the collections shall be added by the auditor and the totals verified with the totals shown on the County Treasurer's Certificate of Tax Collections, County Form No. 49TC. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 9)

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 County Auditors of Indiana, Chapter 14)

THERESE K. CHAMBERS  
Monroe County Auditor



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**RESPONSE TO COMPLIANCY ISSUES  
(SBOA Audit for Year: 2015)**

**CONDITION OF RECORDS, LONG TERM DEBT TRANSACTIONS AND REPORTING**

We have been made aware that all money needs to be appropriated before spending. The First Financial Representative will ensure that the County Council has approved the appropriation before any claims are paid.

**ACCOUNTING FOR LOAN PROCEEDS**

The Honeywell Energy Project loan has been paid in full so no corrective action is necessary.

**CAPITAL ASSETS**

Land has been added along with current price per acre and acquisition date. Aviation is up to date, Highway has updated the roads and bridges. This will be a work-in-progress until it is completed. Our best estimate is 2017.

*Therese K. Chambers*  
\_\_\_\_\_  
Therese K. Chambers, Auditor  
Date: 12-1-2016

COUNTY AUDITOR  
MONROE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 29, 2016, with Therese K. Chambers, County Auditor; Patrick Stoffers, President of the Board of County Commissioners; Julie Thomas, County Commissioner; Cheryl Munson, President of the County Council; Geoff McKim, County Council member; Catherine C. Smith, Auditor-Elect; E. Jeff Cockerill, County Attorney; and Angie Purdie, Commissioners' Administrator.

COUNTY TREASURER  
MONROE COUNTY

COUNTY TREASURER  
MONROE COUNTY  
FEDERAL FINDING

**FINDING 2015-003 - INTERNAL CONTROLS OVER FINANCIAL  
TRANSACTIONS AND REPORTING - COUNTY TREASURER**

*Condition*

There were several deficiencies in the internal control system of the County Treasurer related to financial transactions and reporting.

1. *Cash Reconcilements:*

Reconcilements of the bank account balances to the balances reported in the County Treasurer's Daily Balance of Cash and Depositories (Cash Book) were not properly performed for 2015. The monthly reconcilements presented for audit by the County Treasurer contained many errors. The outstanding checklist included \$108,630 in checks that had been voided during the prior months. Checks returned by the depository as insufficient funds were not included as reconciling items. Adjustments made in October 2015 for errors identified from 2014 were not properly recorded in the Cash Book. The errors were not identified and corrected during the reconcilement process. The County Treasurer had not designed or implemented adequate segregation of duties such as an oversight, review, or approval process.

2. *Cash Book:*

- The amounts posted to the County Treasurer's Cash Book did not always agree with the collections for that day's business. The differences were due to corrections; however, these corrections were not reviewed and approved by someone other than the person making the correction.
- Many of the bank account balances reported in the Cash Book were incorrect due to using the financial software module that imported bank information from the County Auditor's ledger entries. Many entries defaulted to the operating bank account and no review was made by the Treasurer to verify that these amounts were accurate. Also, several bank accounts were included on the Treasurer's Cash Book at December 31 with balances; however the accounts had been closed but never removed from the record.
- The Cash Book was prepared electronically and then printed out at the end of each day. However, this was not always performed on a timely basis. It was determined that changes were made to the electronic file after the daily activity had been reconciled. There were no controls to prevent the employee from making corrections or changes to prior days.
- There were no controls to verify that the property tax software reports and the Cash Book balances agreed.
- The County Treasurer did not have sufficient controls over electronic vendor payments. There were errors discovered where the incorrect amount was recorded, the date was incorrect, or an entry was not recorded.

COUNTY TREASURER  
MONROE COUNTY  
FEDERAL FINDING  
(Continued)

3. *Excise tax:*

The County Treasurer posted the amount determined by the County Auditor to be distributed at each semiannual settlement to the Cash Book. This was not reconciled by the County Treasurer to license excise tax collections posted in the Cash Book. In addition, at December 31, 2015, the Cash Book reported \$1,182,198 in unidentified excise tax.

4. *Financial Reporting:*

The After Settlement Collections fund balance reported to the County Auditor for inclusion in the financial statement for 2015 was incorrect. As a result, the December 31, 2015 cash and investment balance included in the Annual Financial Report was understated by \$3,301,508. Audit adjustments were proposed, accepted by the County, and made to the financial statement.

5. *Redevelopment Commission Funds:*

The County Treasurer did not have a proper system of internal controls in place to ensure that all bank accounts were included on the Cash Book. Due to new legislation, redevelopment commission funds were to come under the control of the County Fiscal Officer as of July 1, 2014. The bank accounts of the Redevelopment Commission were not under the control of the County Fiscal Officer and were not included on the Cash Book as of December 31, 2015. The cash balance of the accounts as of December 31, 2015, was \$3,383,323.

*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 Treasurers of Indiana, Chapter 10)

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 County Treasurers of Indiana, Chapter 10)

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."

COUNTY TREASURER  
MONROE COUNTY  
FEDERAL FINDING  
(Continued)

Indiana Code 5-13-5-1 states:

"(a) Every public officer who receives or distributes public funds shall:

- (1) keep a cashbook into which the public officer shall enter daily, by item, all receipts of public funds; and
- (2) balance the cashbook daily to show funds on hand at the close of each day.

(b) The cashbook is a public record and is open to public inspection in accordance with IC 5-14-3.

(c) A person who violates this section is subject to criminal prosecution under IC 35-44.2-2-2."

It is important that the amounts distributed at each semiannual settlement agree with the amounts shown in the treasurer's daily balance of cash and depositories, since a settlement and distribution in excess of the amounts entered in this record will result in "cash short" on the day the settlement is made. Conversely, if the settlement and distribution is made for less than the amount shown in this record, it will result in "cash long" for that day. Therefore, every effort should be made before settlement and distribution to see that the amounts distributed for each taxing district agree with the amounts entered in the register of taxes collected and in the treasurer's daily balance of cash and depositories. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 4)

Indiana Code 36-7-14-8(b) states in part:

"The fiscal officer of the unit establishing a redevelopment commission is the treasurer of the redevelopment commission. Notwithstanding any other provision of this chapter, the treasurer has charge over and is responsible for the administration, investment, and disbursement of all funds and accounts of the redevelopment commission in accordance with the requirements of state laws that apply to other funds and accounts administered by the fiscal officer. . . ."

*Cause*

The County Treasurer's office had not established a proper system of internal control.

*Effect*

The failure to establish controls 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 a part of this report.



**CATHERINE C. SMITH**  
Monroe County Treasurer

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Courthouse, Room 204  
100 West Kirkwood Avenue  
Bloomington, IN 47404  
Office (812) 349-2531  
Fax (812) 349-2079

November 17, 2016

**MEMORANDUM FOR RECORD**

**Treasurer's Office Corrective Action Plan  
(for Audit Year 2015)**

***FINDING 2015-003***

Contact Person Responsible for Corrective Action: Catherine Smith  
Contact Phone Number: 812-360-2338/812-349-2531

Description of Corrective Action Plan:

I concur with the findings. A new financial software is being implemented and a new systematic Internal Control policy is being developed with the new software's attributes taken into consideration. The software has both a cash book and a bank reconciliation model and is currently being implemented, and once this software is adapted to our business model and fully implemented, the Internal Control instructions will be well documented and will reflect not only the software procedures, but will also include the human interaction associated with this procedure. Anticipated completion date: 12/31/2016.

Regarding the Redevelopment Commission accounts (which were unknown to the Treasurer until the SBOA Audit during the summer) have been added to the cashbook for the 4<sup>th</sup> Quarter 2016.

Respectfully,

*Catherine C. Smith*

Monroe County Treasurer

COUNTY TREASURER  
MONROE COUNTY  
AUDIT RESULT AND COMMENT

**MONTHLY FINANCIAL REPORTS**

The County Treasurer certified and filed the Monthly Financial Report (Form 47TR) with the County Commissioners every month in 2015. The Monthly Financial Report completed for December 2015 was not accurate. The deposits in transit, outstanding warrants, and bank balances on the Form 47TR did not agree to the amounts included on the monthly individual bank reconciliements. In addition, an amount was included as a reconciling item to force the bank balance to agree with the recorded balance. This amount could not be substantiated.

Indiana Code 36-2-10-16 states in part:

"(a) Before the sixteenth day of each month, the treasurer shall prepare a report showing, as of the close of business on the last day of the preceding month, the following items:

- (1) The total amount of taxes collected and not included in the last semiannual settlement of taxes, and the amount of taxes omitted from any preceding semiannual settlements, except for taxes advanced to the state or a municipal corporation in the county and for which an advance settlement has been made.
- (2) The total amount of distributions under IC 6-5.5 that are not included in the last semiannual settlement of taxes, and the amount of those taxes omitted from any preceding semiannual settlements.
- (3) The totals of money received from all other sources and not receipted into the ledger fund accounts of the county at the end of the month.
- (4) The total of the balances in all ledger fund accounts.
- (5) The total amount of cash in each depository at the close of business on the last day of the month.
- (6) The total of county warrants issued against each depository that are outstanding and unpaid at the end of the month.
- (7) The record balance of money in each depository at the end of the month.
- (8) The cash in the office at the close of the last day of the month.
- (9) Other items for which the treasurer is entitled to credit.

The treasurer shall prepare the report in quadruplicate and verify each copy. The treasurer shall retain one (1) copy as a public record and file three (3) copies with the county auditor. The state board of accounts shall prescribe forms for the report in the detail it considers necessary under this section and IC 5-13-6-1. . . ."

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

COUNTY TREASURER  
MONROE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 29, 2016, with Catherine C. Smith, County Treasurer; Patrick Stoffers, President of the Board of County Commissioners; Julie Thomas, County Commissioner; Cheryl Munson, President of the County Council; Geoff McKim, County Council member; Jessica McClellan, County Treasurer-Elect; E. Jeff Cockerill, County Attorney; and Angie Purdie, Commissioners' Administrator.

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CLERK OF THE CIRCUIT COURT  
MONROE COUNTY

CLERK OF THE CIRCUIT COURT  
MONROE COUNTY  
FEDERAL FINDINGS

**FINDING 2015-004 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS  
AND REPORTING - CLERK OF THE CIRCUIT COURT**

*Condition*

There was a deficiency in the internal control system of the Clerk of the Circuit Court related to financial transactions and reporting. The following deficiency constituted a material weakness.

Trust funds that were moved to interest bearing bank accounts were not accounted for in the Clerk of the Circuit Court's Cash Book. As a result, the Clerk of the Circuit Court's office incorrectly reported the receipts, disbursements, and balances of the Clerk of the Circuit Court's Trust fund to the County Auditor for inclusion on the Annual Financial Report. The corrections to be made to the reported amounts for the beginning balance, receipts, disbursements, and ending balance were \$7,931,066; (\$4,129,278); \$18,666; and \$3,820,454, respectively.

In addition, the Clerk of the Circuit Court's office omitted the ISETS (child support) receipts, disbursements, and balances from the Clerk of the Circuit Court's Trust fund on the Annual Financial Report. The omitted amounts for the beginning balance, receipts, disbursements, and ending balance were \$8,890; \$1,246,220; (\$1,244,807) and \$10,303, respectively. Audit adjustments were proposed, approved by management of 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 Clerks of the Circuit Courts of Indiana, Chapter 13)

*Cause*

The Clerk of the Circuit Court had not established a proper system of internal control to ensure accurate reporting on the Annual Financial Report.

*Effect*

The failure to establish controls 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 a part of this report.

CLERK OF THE CIRCUIT COURT  
MONROE COUNTY  
FEDERAL FINDINGS  
(Continued)

***FINDING 2015-007 - INTERNAL CONTROLS OVER CHILD SUPPORT ENFORCEMENT***

Federal Agency: Department of Health and Human Services  
Federal Programs: Child Support Enforcement  
CFDA Number: 93.563  
Federal Award Number and Year (or Other Identifying Number): 1304IN4005  
Pass-Through Entity: Indiana Department of Child Services

The Allowable Costs/Cost Principles was a noncompliance/internal control finding in the immediate prior year. The prior year finding number was 2014-008.

*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 requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting.

*Activities Allowed or Unallowed*

The County Clerk and the IV-D Court did not have effective internal controls to ensure that program funds were used for Activities Allowed or Unallowed.

*Allowable Costs/Cost Principles*

The County contracted with a consultant to prepare a cost allocation plan. The County did not establish internal controls to ensure that the cost allocation plan was complete and accurate.

*Reporting*

The County Prosecuting Attorney's office did not have effective internal controls to ensure that the quarterly incentive reports were accurate and complete.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

MONROE COUNTY  
FEDERAL FINDINGS  
(Continued)

*Cause*

The County had not established a proper system of internal controls to provide reasonable assurance that the County complied with the compliance requirements noted above.

*Effect*

The failure to establish effective internal controls could have enabled material noncompliance to go undetected. Noncompliance of the grant agreement and the compliance requirement 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 noted above.

*View of Responsible Officials*

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

Nicole Lynn Browne  
Clerk of Monroe Circuit Courts  
301 N. College Avenue, Room 201  
P.O. Box 547  
Bloomington, IN 47402

CORRECTIVE ACTION PLAN

**FINDING 2015-004**

Qiangsheng Huang  
812-349-2613

Odyssey software does not have a way to include totals for the I69 interest bearing account or the ISETS Child Support financials in the Cash Book or Receipts report sent each year to the Monroe County Auditor.

A spreadsheet has been generated to include the I69 interest bearing account, ISETS and the Clerk's Cash Book and Daily Balance into one report that will be submitted annually to the Auditor.

This will be implemented in the report for year 01/01/2016 to 12/31/2016 that will be submitted at the end of 2016.

Nicole Lynn Browne  
(Signature)  
Monroe County Clerk  
Nicole Lynn Browne  
(Title)

11-21-2016  
(Date)

Nicole Lynn Browne  
Clerk of Monroe Circuit Courts  
301 N. College Avenue, Room 201  
P.O. Box 547  
Bloomington, IN 47402  
CORRECTIVE ACTION PLAN

*FINDING 2015-007*

Nicole Browne  
812-349-5004

The previous Clerk of the Circuit Court hired an outside company, Malcon to manage Federal Grant 1304IN4005 through the Department of Health and Human Services.

The Clerk of the Monroe Circuit Court will work with Malcon to implement internal controls to monitor and provide oversight to ensure that we are in compliance with the grant agreement.

The recording of time actually worked on IV-D cases by employees in a personnel activity report shall be required and maintained by Beck Waldrip, supervisor of Child Support in the Clerk's office. No employee will be paid solely from the Federal Grant, but compensated for actual hours worked on IV-D cases. The personnel activity reports will then be reviewed and signed for by the Monroe County Clerk, Nicole Browne to ensure they are accurate and in compliance with the grant agreement.

This process will begin immediately.

Nicole Lynn Browne  
(Signature)

Monroe County Clerk  
(Title)

11-17-2016  
(Date)

CLERK OF THE CIRCUIT COURT  
MONROE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 29, 2016, with Nicole Lynn Browne, Clerk of the Circuit Court; Qiangsheng Huang, Financial Director; Terri Bowman, Administrative Assistant; Diana L. Robertson, Deputy Clerk; Patrick Stoffers, President of the Board of County Commissioners; Julie Thomas, County Commissioner; Cheryl Munson, President of the County Council; Geoff McKim, County Council member; E. Jeff Cockerill, County Attorney; and Angie Purdie, Commissioners' Administrator.

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COUNTY SHERIFF  
MONROE COUNTY

COUNTY SHERIFF  
MONROE COUNTY  
AUDIT RESULT AND COMMENT

***INTERNAL CONTROLS OVER TRANSACTIONS AND BALANCES***

We noted several deficiencies in the internal control system of the County Sheriff's office related to financial transactions and balances. There were no controls in place to ensure that depository reconciliations were performed for the Sheriff Cash Book - Training fund or the Tax Warrant and Sheriff Sales bank accounts; nor were there controls in place to verify that the reconciliations prepared for the Sheriff's Inmate Trust fund account and the Commissary fund account were accurate and complete. Additionally, there was no review or approval process in place to verify the accuracy of the recorded financial transactions in the County Sheriff's Cash Book.

Depository reconciliations of the fund balances to the bank account balances for the County Cash Book - Training fund and the Sheriff's Cash Book - Tax Warrant and Sheriff Sales fund were not completed during the audit period. Depository reconciliations of the fund balances to the bank account balances for the Sheriff's Inmate Trust fund were completed; however, the reconciliations contained errors and did not balance.

Similar comments were reported in the prior audit report.

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)

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."

COUNTY SHERIFF  
MONROE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 29, 2016, with Brad Swain, County Sheriff; Patrick Stoffers, President of the Board of County Commissioners; Julie Thomas, County Commissioner; Cheryl Munson, President of the County Council; Geoff McKim, County Council member; E. Jeff Cockerill, County Attorney; and Angie Purdie, Commissioners' Administrator.

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BOARD OF COUNTY COMMISSIONERS  
MONROE COUNTY

BOARD OF COUNTY COMMISSIONERS  
MONROE COUNTY  
FEDERAL FINDINGS

***FINDING 2015-005 - SUSPENSION AND DEBARMENT***

Federal Agency: Department of Transportation  
Federal Programs: Formula Grants for Rural Areas  
CFDA Number: 20.509  
Federal Award Numbers and Years (or Other Identifying Numbers): IN18033090, 14ARRA09C  
Pass-Through Entity: Indiana Department of Transportation

This is a repeat finding from the immediate prior year. The prior year finding numbers were 2014-005 and 2014-009.

*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 Suspension and Debarment compliance requirement.

The County passed through the federal program funds to a subrecipient. The County failed to verify that their subrecipient was not suspended or debarred.

*Context*

The County passed through 100 percent of the program funds to a subrecipient and failed to verify that they were not suspended or debarred.

*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. . . ."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking the SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

*Cause*

The County had not established a system of internal controls to provide reasonable assurance that the subrecipient was not suspended or debarred.

BOARD OF COUNTY COMMISSIONERS  
MONROE COUNTY  
FEDERAL FINDINGS  
(Continued)

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirement 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 the Suspension and Debarment compliance requirement. We also recommended that the County comply with the requirements.

*View of Responsible Officials*

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

***FINDING 2015-006 - SUBRECIPIENT MONITORING***

Federal Agency: Department of Transportation

Federal Programs: Formula Grants for Rural Areas

CFDA Number: 20.509

Federal Award Numbers and Years (or Other Identifying Numbers): IN18033090, 14ARRA09C

Pass-Through Entity: Indiana Department of Transportation

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-007.

*Condition*

The County had not established an effective internal control system related to the grant agreement and the Subrecipient Monitoring compliance requirement that have a direct and material effect to the Formula Grants for Rural Areas program.

The County had not planned for the Subrecipient Monitoring responsibilities. The County did not have written plans that described how and by whom all of its pass-through responsibilities would be met. We also found that the County did not provide the CFDA title and number and the federal award name and number to its subrecipient. The County did not perform on-site visits or receive sufficient information that would have ensured that the subrecipient was properly following the guidelines of the grant agreement or the compliance requirement.

*Context*

The County passed through 100 percent of the Formula Grants for Rural Areas program funds to a subrecipient and failed to properly monitor the subrecipient.

BOARD OF COUNTY COMMISSIONERS  
MONROE COUNTY  
FEDERAL FINDINGS  
(Continued)

*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(d) states:

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

- (1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.
- (2) Advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.
- (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.
- (6) Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records.
- (7) Require each subrecipient to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with this part."

*Cause*

The County had not established a system of internal controls to provide reasonable assurance that the subrecipient was being properly monitored in accordance with the compliance requirement listed above.

BOARD OF COUNTY COMMISSIONERS  
MONROE COUNTY  
FEDERAL FINDINGS  
(Continued)

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirement 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 Subrecipient Monitoring compliance requirements. We also recommended that the County comply with the requirements.

*View of Responsible Officials*

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



OFFICE OF  
**MONROE COUNTY COMMISSIONERS**  
100 West Kirkwood Avenue  
The Courthouse Room 322  
BLOOMINGTON, INDIANA 47404

Telephone 812-349-2550  
Facsimile 812-349-7320

*Patrick Stoffers, President*

*Julie Thomas, Vice President*

*Iris Kiesling, Member*

**2015 Corrective Action Plan**

***FINDING 2015-005***

Federal Agency: Department of Transportation  
Federal Programs: Formula Grants for Rural Areas  
CFDA Number: 20.509  
Federal Award Numbers and Years (or Other Identifying Numbers): IN18033090 14ARRA09C  
Pass-Through Entity: Indiana Department of Transportation  
Contact Person Responsible for Corrective Action: Patrick Stoffers  
Contact Phone Number: 812-349-2550

Views of Responsible Official: The Monroe County Board of Commissioners concur with the SBOA finding.

Description of Corrective Action Plan:

Suspension and Debarment: Corrected in 2016. MCG has confirmed that Area 10 / Rural Transit is not on the Suspension and Debarment list. MCG will confirm prior to submission of the grant application and again at 6 months into the grant.

Additionally, MCG will require Area 10 / Rural Transit ensure they are checking SAMS regarding any entity with which they conduct business.

***Finding 2015-006***

Federal Agency: Department of Transportation  
Federal Programs: Formula Grants for Rural Areas  
CFDA Number: 20.509  
Federal Award Numbers and Years (or Other Identifying Numbers): IN18033090, 14ARRA09C  
Pass-Through Entity: Indiana Department of Transportation  
Contact Person Responsible for Corrective Action: Patrick Stoffers  
Contact Phone Number: 812-349-2550

Views of Responsible Official: The Monroe County Board of Commissioners concur with the SBOA finding.

Description of Corrective Action Plan:

Due to the timing of audit findings and education of monitoring parties, Monroe County Government (MCG) is deficient in this area until 2016. AS such:

The Monroe County Board of Commissioners will establish effective internal controls specific to the segregation of duties in 2016 by establishing monthly meetings with the Area 10 / Rural Transit plus on site visits thus ensuring the programs compliance with the of Federal awards in compliance with the contract and grant agreement.

Monroe County will ensure:

1. Area 10 / Rural Transit is advised of the CFDA title, number, award name and number, award year, and the name of the Federal Agency
2. Area 10 / Rural Transit is advised of requirements imposed on them by Federal Laws, regulation, and provision of the contract and grant agreement in addition to any requirements imposed by Monroe County Government as the pass through entity.
3. Monitor the activities of Area 10 / Rural Transit to ensure proper use of grant funds and performance goals achieved.
4. Audit requirements are met for the fiscal year of receipt
5. Provide a response to audit findings within 6 months of receipt of the grant recipients independent audit report and ensure appropriate and corrective action is taken.
6. Determine if Area 10 / Rural Transit's audits require adjustments to MCG's records.
7. Area 10 / Rural Transit will permit MCG and auditors access to their records and financial statements as necessary for MCG to comply with the SBOA's sub recipient monitoring expectations.

BOARD OF COUNTY COMMISSIONERS  
MONROE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 29, 2016, with Patrick Stoffers, President of the Board of County Commissioners; Julie Thomas, County Commissioner; Cheryl Munson, President of the County Council; Geoff McKim, County Council member; E. Jeff Cockerill, County Attorney; and Angie Purdie, Commissioners' Administrator.

COUNTY PROSECUTING ATTORNEY  
MONROE COUNTY

COUNTY PROSECUTING ATTORNEY  
MONROE COUNTY  
FEDERAL FINDING

***FINDING 2015-007 - INTERNAL CONTROLS OVER CHILD SUPPORT ENFORCEMENT***

Federal Agency: Department of Health and Human Services  
Federal Programs: Child Support Enforcement  
CFDA Number: 93.563  
Federal Award Number and Year (or Other Identifying Number): 1304IN4005  
Pass-Through Entity: Indiana Department of Child Services

The Allowable Costs/Cost Principles was a noncompliance/internal control finding in the immediate prior year. The prior year finding number was 2014-008.

*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 requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting.

*Activities Allowed or Unallowed*

The County Clerk and the IV-D Court did not have effective internal controls to ensure that program funds were used for Activities Allowed or Unallowed.

*Allowable Costs/Cost Principles*

The County contracted with a consultant to prepare a cost allocation plan. The County did not establish internal controls to ensure that the cost allocation plan was complete and accurate.

*Reporting*

The County Prosecuting Attorney's office did not have effective internal controls to ensure that the quarterly incentive reports were accurate and complete.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

COUNTY PROSECUTING ATTORNEY  
MONROE COUNTY  
FEDERAL FINDING  
(Continued)

*Cause*

The County had not established a proper system of internal controls to provide reasonable assurance that the County complied with the compliance requirements noted above.

*Effect*

The failure to establish effective internal controls could have enabled material noncompliance to go undetected. Noncompliance of the grant agreement and the compliance requirement 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 noted above.

*View of Responsible Officials*

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



**Chris Gaal**  
**Prosecuting Attorney**

Charlotte T. Zietlow Justice Center  
301 North College Avenue  
Room 211  
Bloomington, IN 47404

MAIN 812-349-2670  
FAX 812-349-2725  
www.monroeProsecutor.us


November 15, 2016

Finding 2015-007 -

Federal Agency: Department of Health and Human Services  
Federal Program: Child Support Enforcement  
CFDA Number: 93.563  
Federal Award Number: 1304IN4005  
Pass-Through Entity: Indiana Department of Child Services  
Auditee Contact Person: Beth Hamlin  
Contact Person Title: Executive Director, Monroe County Prosecutor's Office  
Contact Phone Number: (812)349-2064

Corrective Action: Shortly after being made aware of this issue originally in 2014, the Office Administrator was advised by the Executive Director that the State Form 445272/DFC Form 918 was to be reinstated. This corrective action was maintained for several months on and off during 2014 but regular use was not reliably put into place. With this Finding 2014-008 being made, it becomes apparent that the established corrective action was insufficient. After some discussion between the Child Support Supervising Deputy Prosecutor, the Office Administrator and the Executive Director it is determined that a new corrective action is needed. Processes are underway to determine exactly what action will be most effective. It is expected that some combination of an edit to the county's employee signed timesheets to include language specifying the percentage of time spent on Child Support activities and/or the use of the Child Support Semi-Annual Certification of Time will be instituted.

This corrective action was put into place in September, 2016. Monthly completion of 445272/DFC Form 918 began at that time and will continue ongoing.

  
Chris Gaal  
Monroe County Prosecuting Attorney

11-17-16  
Date

COUNTY PROSECUTING ATTORNEY  
MONROE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 29, 2016, with Beth Hamlin, Executive Director; Patrick Stoffers, President of the Board of County Commissioners; Julie Thomas, County Commissioner; Cheryl Munson, President of the County Council; Geoff McKim, County Council member; E. Jeff Cockerill, County Attorney; and Angie Purdie, Commissioners' Administrator.

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COUNTY IV-D COURTS  
MONROE COUNTY

COUNTY IV-D COURTS  
MONROE COUNTY  
FEDERAL FINDING

***FINDING 2015-007 - INTERNAL CONTROLS OVER CHILD SUPPORT ENFORCEMENT***

Federal Agency: Department of Health and Human Services  
Federal Programs: Child Support Enforcement  
CFDA Number: 93.563  
Federal Award Number and Year (or Other Identifying Number): 1304IN4005  
Pass-Through Entity: Indiana Department of Child Services

The Allowable Costs/Cost Principles was a noncompliance/internal control finding in the immediate prior year. The prior year finding number was 2014-008.

*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 requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting.

*Activities Allowed or Unallowed*

The County Clerk and the IV-D Court did not have effective internal controls to ensure that program funds were used for Activities Allowed or Unallowed.

*Allowable Costs/Cost Principles*

The County contracted with a consultant to prepare a cost allocation plan. The County did not establish internal controls to ensure that the cost allocation plan was complete and accurate.

*Reporting*

The County Prosecuting Attorney's office did not have effective internal controls to ensure that the quarterly incentive reports were accurate and complete.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

COUNTY IV-D COURTS  
MONROE COUNTY  
FEDERAL FINDING  
(Continued)

*Cause*

The County had not established a proper system of internal controls to provide reasonable assurance that the County complied with the compliance requirements noted above.

*Effect*

The failure to establish effective internal controls could have enabled material noncompliance to go undetected. Noncompliance of the grant agreement and the compliance requirement 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 noted above.

*View of Responsible Officials*

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

# Monroe Circuit Court

## Office of Court Services

The Justice Building  
301 North College Avenue  
Bloomington, Indiana 47404-3865  
(812)349-2615  
Fax (812)349-2791

Bonnie Austin  
Director

Lisa Abraham  
Deputy Court Administrator

Lisa Wesemann  
Public Service Coordinator

Bernice Luck  
Financial Coordinator

Lorie Robinson  
Case Management Coordinator

Michelle Pritchard  
Court Program Coordinator

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### CORRECTIVE ACTION PLAN

#### *FINDING 2015-007 –*

Federal Agency: Department of Health and Human Services

Federal Programs: Child Support Enforcement

CFDA Number: 93.563

Federal Award Number and Year (or Other Identifying Number): 1304IN4005

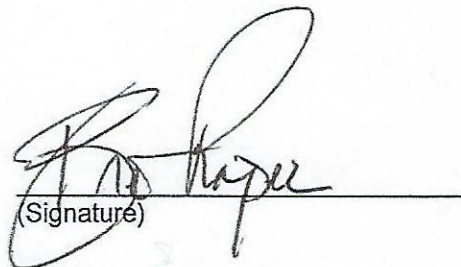
Pass-Through Entity: Indiana Department of Child Services

Contact Person Responsible for Corrective Action: Lorie Robinson, Office of Court Administration  
Contact Phone Number: 812-349-2057

Views of Responsible Official: We concur with the Finding

Description of Corrective Action Plan: Correction made September 2016 for unallowed claim August 2015. Department will review of Activities Allowed and Unallowed to ensure program funds are used appropriately. Annual review will be conducted with Preparer, Certifier and Supervisor.

Anticipated Completion Date: Complete



(Signature)

Title IV-D Commissioner  
(Title)

11/17/2016  
(Date)

COUNTY IV-D COURTS  
MONROE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 29, 2016, with Lorie Robinson, Case Management Coordinator; Patrick Stoffers, President of the Board of County Commissioners; Julie Thomas, County Commissioner; Cheryl Munson, President of the County Council; Geoff McKim, County Council member; E. Jeff Cockerill, County Attorney; and Angie Purdie, Commissioners' Administrator.