

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CLARK COUNTY, INDIANA

January 1, 2015 to December 31, 2015



FILED
04/04/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	3
Transmittal Letter	4
County Auditor:	
Federal Finding:	
Finding 2015-001 - Preparation of the Schedule of Expenditures of Federal Awards	6-7
Corrective Action Plan	8
Audit Results and Comments:	
Appropriations	9
Overdrawn Cash Balances	9
Official Response.....	10
Exit Conference	11
Board of County Commissioners:	
Audit Results and Comments:	
Credit Cards	14
Fund Sources and Uses.....	14
Tax List Fee	15
Health Insurance Benefits for Retirees	15-16
Medicare Supplemental Insurance for Retirees.....	16
Insurance for Sheriff Department Retiree Spouses	16
Treasurer's Non-Reverting Fund.....	17
Official Response.....	18-19
Exit Conference	20
County Highway:	
Audit Results and Comments:	
Appropriations	22
Fund Sources and Uses.....	22
Official Response.....	23
Exit Conference	24
County Sheriff:	
Federal Finding:	
Finding 0015-002 - Internal Controls over Financial Transactions and Reporting - Sheriff's Department	26-27
Corrective Action Plan	28-29
Audit Results and Comments:	
Compensation and Benefits	30
Official Bonds	30-31
Supporting Documentation	31-32
Official Response.....	33-34
Exit Conference	35

TABLE OF CONTENTS
(Continued)

<u>Description</u>	<u>Page</u>
Clerk of the Circuit Court:	
Federal Findings:	
Finding 2015-003 - Internal Controls over Financial Transactions and Reporting - Clerk of the Circuit Court	38
Finding 2015-004 - Allowable Costs/Cost Principles	39-41
Corrective Action Plan	42-43
Audit Results and Comments:	
Deposits	44
Bank Account Reconciliations.....	44-45
Collection of Amounts Due	45
Official Bonds	45-46
Official Response.....	47
Exit Conference	48
County Prosecuting Attorney:	
Federal Findings:	
Finding 2015-004 - Allowable Costs/Cost Principles	50-51
Finding 2015-005 - Reporting	52-53
Corrective Action Plan	54-55
Exit Conference	56
County Probation Department:	
Audit Result and Comment:	
Internal Controls Probation Department Receipts	58-59
Exit Conference	60
County Treasurer:	
Audit Result and Comment:	
Treasurer's Non-Reverting Fund.....	62
Exit Conference	63

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	R. Monty Snelling	01-01-15 to 12-31-18
County Treasurer	David J. Reinhardt	01-01-15 to 12-31-18
Clerk of the Circuit Court	Susan Popp	01-01-15 to 12-31-18
County Sheriff	Jamey Noel	01-01-15 to 12-31-18
County Recorder	Zach Payne	01-01-15 to 12-31-18
President of the Board of County Commissioners	Jack Coffman	01-01-15 to 12-31-17
President of the County Council	Barbara Hollis	01-01-15 to 12-31-17



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 CLARK COUNTY, INDIANA

This report is supplemental to our audit report of Clark 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/.

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

February 9, 2017

COUNTY AUDITOR
CLARK COUNTY

COUNTY AUDITOR
CLARK COUNTY
FEDERAL FINDING

**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). Financial activity was not always properly classified in the County Auditor's financial ledger for easy identification of federal grant activity. A contract consultant was hired by the County to prepare the SEFA. Once the SEFA was prepared by the consultant, there were no controls to ensure the information was properly reported and agreed with supporting records.

During the audit of the SEFA, we noted the following errors:

1. Ten grants were reported incorrectly resulting in an overstatement of \$133,926, and an additional six grants were omitted from the SEFA resulting in an understatement of \$89,623. The net effect of the noted errors resulted in an overstatement of federal expenditures of \$44,303.
2. Multiple grants that were included in the same fund on the County's Financial Ledger were reported as one grant on the SEFA.
3. Several grants were reported under the incorrect federal grant titles.

Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in this report.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes. . . ."

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
CLARK COUNTY
FEDERAL FINDING
(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 the 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 had not established a system of internal control that would have ensured proper reporting of 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.



R. MONTY SNELLING

CLARK COUNTY AUDITOR

501 E. Court Avenue, Room 118
Jeffersonville, IN 47130-4090
(812) 285-6211
Fax (812) 285-6216

Corrective Action Plan

January 27, 2017

Indiana State Board of Accounts
302 W. Washington St., Room E418
Indianapolis, Indiana 46204-2765

RE: Corrective Action Plan

This letter is to state our response and Corrective Action Plan for the findings identified in the 2015 audit report for Clark County.

Finding 2015-001

Contact person responsible for the Corrective Action Plan: R. Monty Snelling
Title: Clark County Auditor Phone Number: 812-285-6221

While the Auditor has little control over the grants acquired by individual offices, we understand the importance of correcting the problems that have taken place. The Auditor, auditor staff, and the county consultant will research the cause of errors, that occurred, in the SEFA, to ensure corrections are in place. We will work with the holders of the grants to ensure that the grants are properly reported and under the correct CFDA numbers and titles. Additional processes will be implemented, where necessary, to ensure grants are correctly recorded in the County Ledgers.

Anticipated Completion Date: December 31, 2017

R. Monty Snelling
Clark County Auditor

COUNTY AUDITOR
CLARK COUNTY
AUDIT RESULTS AND COMMENTS

APPROPRIATIONS

The following fund had expenditures in excess of budgeted appropriations:

Fund	Excess Amount Expended
Clark County Donation Fund B	\$ 4,071

The Clark County Donation Fund B is funded primarily from the sale of scrap materials at the County Highway Garage and not donations for specific purposes. Receipts of that nature should be recorded in the County Highway fund and budgeted accordingly.

A similar comment appeared in prior Report B47888.

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."

Indiana Code 36-2-5-2(b) states: "The county fiscal body shall appropriate money to be paid out of the county treasury, and money may be paid out of the treasury only under an appropriation made by the fiscal body, except as otherwise provided by law."

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, 2015:

Fund	Amount Overdrawn
16.575 ICJG Victim Asst/Pros#1	\$ 14,787
16.588 Stop Grant Police Department	37,066
93.074 Public Health Prep Cit.	596

A similar comment was included in prior Reports B45854 and B47888.

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.

In an instance in which a unit receives a reimbursement grant, the unit must be claiming reimbursements in timely manner. In this case, it would be possible for a fund to be overdrawn for a short period of time. (Accounting and Uniform Compliance Guidelines Manual for Auditors of Indiana, Chapter 1)



R. MONTY SNELLING

CLARK COUNTY AUDITOR

501 E. Court Avenue, Room 118
Jeffersonville, IN 47130-4090
(812) 285-6211
Fax (812) 285-6216

February 10, 2017

Indiana State Board of Accounts
302 W. Washington St. Room E 418
Indianapolis, Indiana
46204-2765

Re: Official Response to 2015 Audit Findings

Please accept this letter in response to the Clark County Audit Findings for 2015.

Appropriations: The Clark County Donations Fund B

This fund was established, by the Clark County Commissioners, under Home Rule. It was to be under their sole control. The fund has been corrected and is now required to be appropriated by the Clark County Council per Indiana Code. Collections and expenditures are now done according to Indiana Code.

Overdrawn Cash Balances: Grant Funds

There were three Grant Funds were found to have a negative balance at year end, December 31, 2015.

As in the previous year's finding, these were caused by a combination of reasons. Those reasons include both running on fiscal year as opposed to calendar year and or what was previously referred to as, "Flip Flop Grants". These situations have been addressed and corrected.

Respectfully,

R. Monty Snelling
Clark County Auditor

COUNTY AUDITOR
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 9, 2017, with R. Monty Snelling, County Auditor; Alana Sparkman, Deputy County Auditor; Connie Sellers, Commissioner; Barbara Hollis, President of County Council; R. Scott Lewis, County Attorney; and Jill W. Oca, CPA/Contract Consultant.

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BOARD OF COUNTY COMMISSIONERS
CLARK COUNTY

BOARD OF COUNTY COMMISSIONERS
CLARK COUNTY
AUDIT RESULTS AND COMMENTS

CREDIT CARDS

The County was using credit cards to purchase items without an approved credit card policy.

The State Board of Accounts will not take exception to the use of credit cards by a unit provided the following criteria are observed:

1. The governing body must authorize credit card use through an ordinance/resolution, which has been approved in the minutes.
2. Assurance and use must be handled by an official or employee designated by the governing body.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance/resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the responsible person.
5. The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing body and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment cannot be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee may be the personal obligation of the responsible officer or employee.
8. If properly authorized, an annual fee may be paid.

A similar comment appeared in the prior Report B47888.

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

FUND SOURCES AND USES

Clark County established the Clark County Donation Fund B. Receipts to the fund were primarily from the sale of scrap materials at the County Highway Garage, not donor specified donations.

Disbursements of \$4,071 for 2015 included payments for a Health Fair, Christmas Party, gift cards to employees, and supplies.

A similar comment appeared in the prior Report B47888.

BOARD OF COUNTY COMMISSIONERS
CLARK COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

TAX LIST FEE

Pursuant to County Ordinance 1-2010, the County established a fee of \$200 for a complete electronic copy of the Clark County tax list. Information was not presented for audit to indicate the fee charged was in accordance with state statute and the basis for reasonableness of the fee.

A similar comment was included in prior Reports B45854 and B47888.

Indiana Code 5-14-3-8 states in part:

". . . . (d) . . . The fiscal body (as defined in IC 36-1-2-6) of the public agency . . . shall establish a fee schedule for the certification or copying of documents. The fee for certification of documents may not exceed five dollars (\$5) per document. The fee for copying documents may not exceed the greater of:

- (1) ten cents (\$0.10) per page for copies that are not color copies or twenty-five cents (\$0.25) per page for color copies; or
- (2) the actual cost to the agency of copying the document.

As used in this subsection, 'actual cost' means the cost of paper and the per-page cost for use of copying or facsimile equipment and does not include labor costs or overhead costs. A fee established under this subsection must be uniform throughout the public agency and uniform to all purchasers. . . .

(g) Except as provided by subsection (h), for providing a duplicate of a computer tape, computer disc, microfilm, or similar or analogous record system containing information owned by the public agency or entrusted to it, a public agency may charge a fee, uniform to all purchasers, that does not exceed the sum of the following:

- (1) The agency's direct cost of supplying the information in that form.
- (2) The standard cost for selling the same information to the public in the form of a publication if the agency has published the information and made the publication available for sale. . . ."

HEALTH INSURANCE BENEFITS FOR RETIREES

The amount contributed by the County towards the cost of retirees' monthly health insurance premiums was not in agreement with the amount specified in the County's policy. The County contributed \$250 per month per retiree towards the cost of monthly health insurance premiums for all County retirees.

BOARD OF COUNTY COMMISSIONERS
CLARK COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Ordinance 5-1997, regarding health insurance benefits, presented for audit stated that the County shall contribute \$100 toward the monthly premium of a retired employee.

A similar comment was included in prior Reports B40236, B40884, B43088, B45854, and B47888.

All types of employee benefits must be detailed in a written policy. Payments for expenses not authorized in a written policy cannot be allowed. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

MEDICARE SUPPLEMENTAL INSURANCE FOR RETIREES

The County contributes \$200 monthly towards the cost of Medicare supplemental insurance for all County retirees. No policy or ordinance was presented for audit authorizing the County to contribute toward the cost of a retiree's Medicare supplemental insurance.

A similar comment was included in prior Reports B40236, B40884, B43008, B45854, and B47888.

All types of employee benefits must be detailed in a written policy. Payments for expenses not authorized in a written policy cannot be allowed. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

INSURANCE FOR COUNTY SHERIFF DEPARTMENT RETIREE SPOUSES

The County's policy, Ordinance 13-1997, applicable only to health insurance benefits for the County Sheriff's Department employees states that the County will pay for the retired employee's share of group health insurance coverage and Medicare supplement insurance. The policy does not define if the coverage includes the cost of a single policy or if it includes the cost of the retiree and the retiree's spouse. During the year 2015, the County paid the cost of insurance coverage for the spouses of the County Sheriff's Department retirees, but the actual costs could not be determined.

Ordinance 13-1997 states in part: ". . . the Auditor shall pay the 'Retired employee's share' for group health insurance benefits . . . and . . . the premiums for eligible retiree's Medicare supplemental insurance." The ordinance further states: "Group health insurance benefits shall be available to the retiree's eligible spouse."

Although the policy states that coverage will be made available for the spouses to participate in insurance coverage, it does not address who is responsible for paying the costs.

A similar comment was included in prior Reports B40236, B40884, B43008, B45854, and B47888.

All types of employee benefits must be detailed in a written policy. Payments for expenses not authorized in a written policy cannot be allowed. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

BOARD OF COUNTY COMMISSIONERS
CLARK COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

TREASURER'S NON-REVERTING FUND

Fees collected that are associated with delinquent property taxes were being receipted into a locally established, Treasurer's Non-Reverting fund instead of the General fund as required by statute. The Treasurer's Non-Reverting fund was established by Ordinance No. 1-2010 and adopted by the Board of County Commissioners on January 7, 2010.

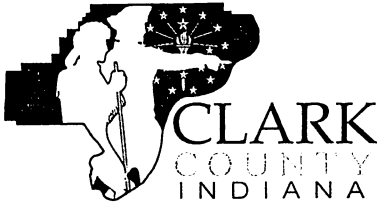
A similar comment appeared in the prior Report B47888.

Indiana Code 6-1.1-23-7 states:

"(a) With respect to the collection of delinquent personal property taxes, the county treasurer shall charge the following collection expenses to each delinquent taxpayer:

- (1) For making a demand by:
 - (A) registered or certified mail, eight dollars (\$8); or
 - (B) any other manner permitted by section 1 of this chapter, five dollars (\$5).
- (2) For making a levy, ten dollars (\$10).
- (3) For selling personal property, ten percent (10%) of the sale price.
- (4) For advertising a sale, the legal rates for advertising.
- (5) For transfer and storage of personal property, the actual expense incurred.
- (6) Other reasonable expenses of collection, including:
 - (A) title search expenses;
 - (B) uniform commercial code search expenses; and
 - (C) reasonable attorney's fees or court costs incurred:
 - (i) in the collection process;
 - (ii) due to a court order; or
 - (iii) due to an order of the treasurer; under IC 6-1.1-23-10

(b) The fees collected under this section are the property of the county and shall be deposited in the county general fund. The collection expenses incurred in connection with the levy upon and sale of personal property shall be paid from the county general fund without prior appropriation."



BOARD OF COMMISSIONERS

Clark County Government Building, Room 404
501 East Court Avenue • Jeffersonville, Indiana 47130
812.285.6275 • Fax 812.285.6366 • www.co.clark.in.us

Jack Coffman
Bryan Glover
Connie Sellers

R. Scott Lewis, County Attorney

February 20, 2017

Indiana State Board of Accounts
302 W. Washington St., Room E418
Indianapolis, IN 46204-2765

Re: Clark County Commissioners' Official Response to 2015 Audit Comments

Please accept this letter as our official response to the audit comments noted in the 2015 audit report for Clark County.

Credit Cards

Contact Person: Jack Coffman
Title: President, Board of County Commissioners
Phone Number: 812-285-6275

The Commissioners will review the current procedures for using credit cards and will consult the County Attorney regarding a credit card policy. Procedures will be implemented if needed to strengthen internal controls regarding the use of credit cards.

Fund Sources and Uses

Contact Person: Jack Coffman
Title: President, Board of County Commissioners
Phone Number: 812-285-6275

The Commissioners will implement stronger controls regarding the sale of property and the appropriate fund to which those proceeds should be made. In addition, the Commissioners will discuss this issue with the appropriate personnel to ensure that funds are used correctly and in accordance with the statutes.

Tax List Fee

Contact Person: Jack Coffman
Title: President, Board of County Commissioners
Phone Number: 812-285-6275

The Commissioners will review this ordinance with the County Attorney to determine the appropriateness of the fee. Appropriate changes will be made as necessary.

Health Insurance Benefits for Retirees

Contact Person: Jack Coffman
Title: President, Board of Commissioners of Clark County
Phone Number: 812-285-6275

The County will review all retiree benefits for compliance with the Ordinances relating to Health Insurance Benefits for Retirees to ensure that only amounts duly authorized and in accordance with the ordinances are paid. Current ordinances will be updated if necessary.

Medicare Supplemental Insurance for Retirees

Contact Person: Jack Coffman
Title: President, Board of Commissioners of Clark County
Phone Number: 812-285-6275

The County will review all retiree benefits for compliance with the Ordinances relating to Health Insurance Benefits for Retirees to ensure that only amounts duly authorized and in accordance with formal policies currently in place. Current ordinances will be updated if necessary

Insurance for Sheriff Department Retiree Spouses

Contact Person: Jack Coffman
Title: President, Board of Commissioners of Clark County
Phone Number: 812-285-6275

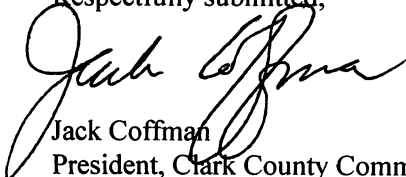
The County will review all retiree benefits for compliance with the Ordinances relating to Health Insurance Benefits for Retirees to ensure that only amounts duly authorized and in accordance with the ordinances are paid. All ordinances relating to retirees will be reviewed and amended as needed to provide further clarification on this issue.

Treasurer's Non-Reverting Fund

Contact Person: Jack Coffman
Title: President, Board of Commissioners of Clark County
Phone Number: 812-285-6275

Fees collected that are associated with delinquent property taxes are now being receipted into the General Fund.

Respectfully submitted,



Jack Coffman
President, Clark County Commissioners

Cc: Scott Lewis, Clark County Attorney

BOARD OF COUNTY COMMISSIONERS
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 9, 2017, with Connie Sellers, Commissioner; Barbara Hollis, President of County Council; R. Scott Lewis, County Attorney; and Jill W. Oca, CPA/Contract Consultant.

COUNTY HIGHWAY
CLARK COUNTY

COUNTY HIGHWAY
CLARK COUNTY
AUDIT RESULTS AND COMMENTS

APPROPRIATIONS

The following fund had expenditures in excess of budgeted appropriations:

Fund	Excess Amount Expended
Clark County Donation Fund B	\$ 4,071

The Clark County Donation Fund B is funded primarily from the sale of scrap materials at the County Highway Garage and not donations for specific purposes. Receipts of that nature should be recorded in the County Highway fund and budgeted accordingly.

A similar comment appeared in the prior Report B47888.

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."

Indiana Code 36-2-5-2(b) states: "The county fiscal body shall appropriate money to be paid out of the county treasury, and money may be paid out of the treasury only under an appropriation made by the fiscal body, except as otherwise provided by law."

FUND SOURCES AND USES

Clark County established the Clark County Donation Fund B. Receipts to the fund were primarily from the sale of scrap materials at the County Highway Garage, not donor specified donations.

Disbursements of \$4,071 for 2015 included payments for a Health Fair, Christmas Party, gift cards to employees, and supplies.

A similar comment appeared in the prior Report B47888.

Sources and uses of funds should be limited to those authorized by the enabling law, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Clark County Highway Department

Clark County Government Building

501 East Court Avenue, Suite 404

Jeffersonville, Indiana 47130

Fax 812-285-6366 E-Mail: sdaniel@co.clark.in.us

James Ross

Highway Superintendent

(812) 246-9571

Brian Dixon

County Engineer

(812) 285-6286

Sarah Daniel

Highway Administration

(812)285-6276

February 20, 2017

Indiana State Board of Accounts
302 W. Washington St., Room E418
Indianapolis, IN 46204-2765

Re: Clark County Highway Department's Official Response to 2015 Audit Comments

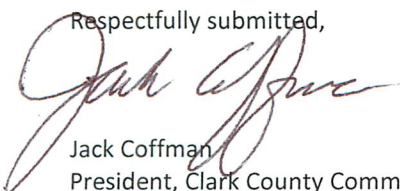
Please accept this letter as our official response to the audit comments noted in the 2015 audit report for the Clark County Highway Department.

Appropriations

Contact Person: Jack Coffman
Title: President, Board of County Commissioners
Phone Number: 812-285-6275

The Clark County Commissioners, in coordination with the Auditor's Department, will make sure appropriations are received for the Donation Fund B

Respectfully submitted,



Jack Coffman
President, Clark County Commissioners

Cc: Scott Lewis, Clark County Attorney
file

COUNTY HIGHWAY
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 9, 2017, with Connie Sellers, Commissioner; Barbara Hollis, President of County Council; R. Scott Lewis, County Attorney; and Jill W. Oca, CPA/Contract Consultant.

COUNTY SHERIFF
CLARK COUNTY

COUNTY SHERIFF
CLARK COUNTY
FEDERAL FINDING

**FINDING 2015-002 - INTERNAL CONTROLS OVER FINANCIAL
TRANSACTIONS AND REPORTING - SHERIFF'S DEPARTMENT**

Condition

Multiple problems were identified with the computerized financial system being used by the County Sheriff's Department that restricted the ability to audit the financial transactions. The County Sheriff's Department did not have a proper internal control system in place to ensure all financial activity was properly accounted for and recorded in the financial records.

The following problems were identified with the financial activity:

1. Financial statement amounts reported were not reflective of amounts shown in the County Sheriff Department's computerized financial ledger. Financial reports generated from the computerized accounting system were not accurate. Reporting information duplicated some receipt and disbursement transactions and reported these amounts in multiple receipt and disbursement categories resulting in incorrect financial figures.
2. Source document numbers, such as receipt and check numbers were not properly recorded in the computer system. For a single receipt transaction, the source document receipt number shown on financial reports indicated a different number depending upon the type of report printed. The financial reports showing disbursement activity did not include a check number.
3. The computerized depository reconciliation program did not generate correct financial information. Information generated on the reports was based upon financial activity clearing the bank instead of actual financial activity recorded and the record balances.
4. Monies received for services and sale of property processed through the County Sheriff Department's PayPal account were not recorded in the financial records. Monies were retained in the PayPal account and used to make purchases. Disbursements activity associated with the PayPal account was not recorded within the financial records.
5. Some Inmate Trust Fund activity related to the County Sheriff Department's debit card program was not reflected in the financial records.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

COUNTY SHERIFF
CLARK COUNTY
FEDERAL FINDING
(Continued)

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Cause

Proper controls were not in place to monitor financial activity and ensure all financial activity is recorded with the financial system. Financial reports were not being reviewed to ensure activity generated from the computerized system was complete and accurate. Controls were not in place to reconcile subsidiary records with control records to determine financial activity was being properly recorded and captured within the system. A control system was not in place to ensure that all payments received by credit card were properly recorded and monies were actually received from the credit card company. Controls were not in place to ensure proper accountability over debit cards issued to ensure proper accountability of funds. Procedures were not in place to request financial information from the company used to process the debit cards to ensure the financial activity was accurately processed and accounted for within the County Sheriff Department's financial records. Controls were not in place showing review and approval of electronic bank withdrawals.

Effect

The failure to have a system in place to properly monitor financial activity resulted in incorrect financial reporting and the inability to determine proper accountability of funds. A qualification was issued on the financial statements related to the financial activity of the County Sheriff's Department which could have result in increased debt borrowing costs to the County.

Views of Responsible Officials

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

Clark County Sheriff's Office

Jamey Noel
Sheriff

(812) 283-4471

501 East Court Avenue, Ste. 159
Jeffersonville, Indiana 47130

CORRECTIVE ACTION PLAN

FINDING 2015-002

Contact Person Responsible for Corrective Action: Diane Shahroudi/Bookkeeper
Contact Phone Number: 812-283-4471 ext. 3134

Description of Corrective Action Plan:

The SBOA audit report prepared for the Clark County Sheriff's Department has indicated certain items that need addressed, predominantly relating to that of the computerized financial systems. As indicated in the 2013 audit report and corrective action plan, the computerized program that was being utilized had several issues and was not sufficient in handling the departmental needs. The audit report for 2013 wasn't issued until May of 2015, therefore the issues with the computerized program carried through 2015 as well.

#1-#3 – as identified by SBOA in the finding report 2015-002

#1-#3 all relate to the computerized financial system. As indicated in the Clark County Sheriff's corrective action plan for 2013, a plan was made to implement three new and separate computer programs to handle the departmental accounts, instead of the one computerized program (Tiger) that had previously been used. The new computerized financial systems that have been implemented are intended to adequately identify the source and application of funds, properly handle source document/check numbers, and generate accurate financial information. The timeline of when the programs were implemented are listed below:

- Bonds and Inmate Trust accounts transferred out of Tiger financial reporting system to Lockdown/Tech Friends financial reporting system in May 2015
- Sheriff's Cash account transferred out of Tiger financial reporting system to Lieberman financial reporting system in August 2015
- Property Sales account transferred out of Tiger financial reporting system to QuickBooks financial reporting system in January 2016
- Commissary account transferred out of Tiger financial reporting system to QuickBooks financial reporting system in November 2015

#4 – as identified by SBOA in the finding report 2015-002

Clark County Sheriff's Office

Jamey Noel
Sheriff

(812) 283-4471

501 East Court Avenue, Ste. 159
Jeffersonville, Indiana 47130

Policies have been enforced that will allow for the proper recording of funds received for services and the sale of property via the Sheriff Department's PayPal account. This policy also includes the recording of any Disbursement activity associated with the PayPal account. PayPal statements will be reviewed and retained in the Sheriff's office and filed appropriately with any applicable receipts.

As of 12/31/16, the Paypal Account is no longer in use.

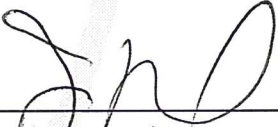
#5 – as identified by SBOA in the finding report 2015-002

With the change in the computerized financial system for the Inmate Trust Fund, all activity including to that relating to the Department's debit card program should be reflected in the financial records as of May 2015, the date that Lieberman was installed.

In addition to the responses listed above, an independent CPA firm was retained as of April 2015, to assist in improving these areas of deficiencies that were inherited, and will continue to do so to ensure all financial requirements are met and proper records are being retained.

In closing, we are making every effort to be efficient and effective in our procedures and are immediately addressing if we become aware of a discrepancy or a weakness. We will continue to work to improve on our financial recordkeeping and continue to review our computerized programs to ensure they are meeting the requirements of our department.

Anticipated Completion Date: These changes/corrections are already being implemented and will be ongoing.



(Signature)
Sheriff

(Title)
2-1-17

(Date)

COUNTY SHERIFF
CLARK COUNTY
AUDIT RESULTS AND COMMENTS

COMPENSATION AND BENEFITS

Payments were made from the Jail Commissary fund to five County Sheriff's Department employees. Compensation paid to these employees was reported on a 1099 instead of a W-2. Payroll taxes were not withheld and related employee benefits were not paid by the County for all compensation amounts paid from the Jail Commissary fund.

A similar comment was included in prior Report B45854 and B47888.

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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 must be paid 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)

OFFICIAL BONDS

The Surety Bond for Jamey Noel, County Sheriff, was insufficient per the Indiana Code.

A similar comment was included in prior Reports B45854 and B47888.

Indiana Code 5-4-1-18 states in part:

"(a) Except as provided in subsection (b), the following city, town, county, or township officers and employees shall file an individual surety bond:

- (1) City judges, controllers, clerks, and clerk-treasurers.
- (2) Town judges and clerk-treasurers.
- (3) Auditors, treasurers, recorders, surveyors, sheriffs, coroners, assessors, and clerks.
- (4) Township trustees.
- (5) Those employees directed to file an individual bond by the fiscal body of a city, town, or county.
- (6) Township assessors (if any).

(b) The fiscal body of a city, town, county, or township may by ordinance authorize the purchase of a blanket bond or a crime insurance policy endorsed to include faithful performance to cover the faithful performance of all employees, commission members, and persons acting on behalf of the local government unit, including those officers described in subsection (a).

COUNTY SHERIFF
CLARK COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of city controllers, city clerk-treasurers, town clerk-treasurers, Barrett Law fund custodians, county treasurers, county sheriffs, circuit court clerks, township trustees, and conservancy district financial clerks as follows:

- (1) The amount must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount for the officer or employee.

County auditors shall file bonds in amounts of not less than thirty thousand dollars (\$30,000), as fixed by the fiscal body of the county. The amount of the bond of any other person required to file an individual bond shall be fixed by the fiscal body of the unit at not less than fifteen thousand dollars (\$15,000). . . ."

SUPPORTING DOCUMENTATION

We noted the following County Sheriff Department's disbursements did not include adequate supporting documentation to support the purchases:

Description	Amount
Credit card payment based on statement only	\$ 3,863
PayPal payment without invoice or Sheriff's approval	<u>192</u>
 Total	 <u><u>\$ 4,055</u></u>

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

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

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;

COUNTY SHERIFF
CLARK COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Clark County Sheriff's Office

Jamey Noel
Sheriff

(812) 283-4471

501 East Court Avenue, Ste. 159
Jeffersonville, Indiana 47130

RESPONSES TO COMMENTS – AUDIT 2015 FOR CLARK COUNTY SHERIFF

Contact Person: Diane Shahroudi/Bookkeeper
Contact Phone Number: 812-283-4471 ext. 3134

The 2015 SBOA audit report – comment section, prepared for the Clark County Sheriff's Department mentions a few items that we would like to address.

#1- comment regarding Compensation and Benefits

As suggested by the SBOA, the employees compensated by the Jail Commissary fund, were transitioned from 1099 contract labor to w-2 wages in July 2016. Therefore, taxes are being withheld on all compensation paid from the Jail Commissary fund. The three employees are compensated with wages from the Jail Commissary fund, because they have additional hours of work exceeding their normal duties as a Clark County Sheriff employee.

All compensation is being made in a manner that is compliant with state and federal reporting requirements.

#2 – comment regarding Official Bonds

The surety bond for Jamey Noel, County Sheriff, was increased immediately upon notification of the SBOA to an amount that is in compliance with the Indiana Code.

#3 –comment regarding Supporting Documentation

The PayPal account was setup by the former administration. Pursuant to the SBOA audit for 2015, the PayPal account has since been closed and will no longer be used for any Sheriff Department's purchases.

As far as the credit card payments/receipts, the Sheriff's Department has implemented additional procedures for facilitating supporting documentation. This includes, but not limited to, a required

Clark County Sheriff's Office

Jamey Noel
Sheriff

(812) 283-4471

501 East Court Avenue, Ste. 159
Jeffersonville, Indiana 47130

form for any lost/damaged receipts, that must be completed by the cardholder and also approved by the Clark County Sheriff.

In closing, we continue to make every effort to be efficient and effective in our procedures and are immediately addressing if we become aware of a discrepancy or a weakness.

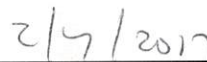
Anticipated Completion Date: These changes/corrections to the above items have already been implemented.



(Signature)



(Title)



(Date)

COUNTY SHERIFF
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 8, 2017, with Jamey Noel, County Sheriff; Diane Shahrودي, Secretary/Bookkeeper; and Marcy Franklin, CPA/Contract Accountant.

The contents of this report were discussed on February 9, 2017, with Connie Sellers, Commissioner; Barbara Hollis, President of County Council; R. Scott Lewis, County Attorney; and Jill W. Oca, CPA/Contract Consultant.

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CLERK OF THE CIRCUIT COURT
CLARK COUNTY

CLERK OF THE CIRCUIT COURT
CLARK COUNTY
FEDERAL FINDINGS

***FINDING 2015-003 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS
AND REPORTING - CLERK OF THE CIRCUIT COURT***

Condition

The Clerk of the Circuit Court had deficiencies in the internal control system related to the lack of segregation of duties over financial transactions and reporting. There were no sufficient compensating controls.

The Clerk of the Circuit Court had not separated incompatible activities related to receipts, reimbursements, and cash and investments. One individual was responsible for performing the reconciliation of the depository account balance with the record balance, reconciliation of the trust subsidiary record with the control record, preparing and making bank deposits, reconciling daily cash collections, recording receipt and disbursements transactions in the ledger, recording adjustments in the ledger, issuing checks; and preparing the supplemental Annual Financial Report.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Cause

Management of the Clerk of the Court had not established a proper system of internal control.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected and increased the risk for incorrect financial reporting.

Views of Responsible Officials

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

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

FINDING 2015-004 - ALLOWABLE COSTS/COSTS PRINCIPLES

Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or Other Identifying Number): 2015
Pass-Through Entity: Indiana Department of Child Services

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-004.

Condition

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

The County Prosecuting Attorney's office and the Clerk of the Circuit Court had an employee in which a portion of the employee's salary was paid from a IV-D incentive fund and the General fund without proper documentation to support the distribution.

Context

The County Prosecuting Attorney's office and the Clerk of the Circuit Court were not aware that supporting documentation must be maintained to support the distribution of an employee's salary who was compensated partially from a IV-D incentive fund and a non-federal award.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award 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). . . ."

2 CFR section 200.430(h)(8) states in part:

". . . (i) *Standards for Documentation of Personnel Expenses*

(1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.

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

These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);
- (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity (See paragraph (h)(1)(ii) above for treatment of incidental work for IHEs.); and
- (vi)[Reserved]
- (vi) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

Cause

Those in charge of administrating the Child Support Enforcement Program in the Office of the Prosecuting Attorney and the Clerk of the Circuit Court were unaware of the requirements for time and effort reporting for employees receiving compensation from IV-D incentive funds.

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.

Questioned Costs

There were no questioned costs identified.

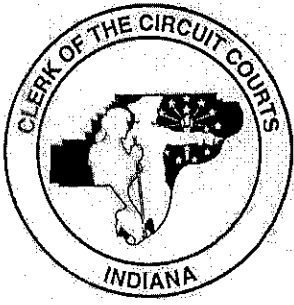
Recommendation

We recommended that the County Prosecuting Attorney's office and Clerk of the Circuit Court establish controls related to the grant agreement and compliance requirements pertaining to Allowable Costs/Cost Principles to ensure that all time and effort reporting requirements are complied with in the future.

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

Views of Responsible Officials

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



SUSAN POPP

Clerk of the Clark County Circuit Courts

Clark County Government Building
501 E. Court Avenue, Room 137
Jeffersonville, IN 47130

812.285.6244 TEL
812.285.6372 FAX
www.co.clark.in.us

February 2, 2017

Indiana State Board of Accounts
302 W. Washington St., Room E418
Indianapolis, IN 46204-2765

Re: 2015 Corrective Action Plan

Please accept this letter as the Clerk of the Circuit Court's official response to the audit findings noted in the 2015 audit report for Clark County.

Finding 2015-003

Contact Person Responsible for Corrective Action: Susan Popp
Title: Clerk of the Circuit Court
Phone Number: 812-285-6244

The Clerk's office has reviewed the duties of office personnel responsible for financial transactions in order to identify areas in which stronger controls are needed. Changes have been implemented to help ensure that employees responsible for bank reconciliations have limited additional duties that would create internal control weaknesses over financial transactions. In addition, the Clerk reviews reconciliations on a monthly basis to ensure accuracy, and stronger controls are being implemented to ensure that deposits are reconciled daily and any adjustments are noted. The Clerk is also receiving digital bank statements directly from the bank that are used to verify all deposits remitted to the bank are in the same amounts as internal source documents. There are currently automatic controls in place in many areas of the financial transactions since receipts reported and signed by one employee are verified by another employee prior to depositing. Beginning December 1, 2016, disbursements for state fees are now mandated to be remitted electronically by the Clerk of the Courts thereby removing employees from performing this function. Furthermore, there is an additional employee performing financial duties thereby allowing greater separation of duties with that department. Employee tasks will be reviewed and internal control processes will be implemented at key points to strengthen controls. Processes have been identified that will allow greater oversight in the preparation of the CAR-1 annual report.

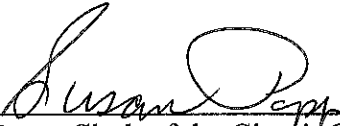
*Indiana State Board of Accounts
Corrective Action Plan – Clerk
Page 2*

Finding 2015-004

Contact Person Responsible for Corrective Action: Susan Popp
Title: Clerk of the Circuit Court
Phone Number: 812-285-6244

The Clerk's office is currently requiring signatures from employees for monthly time charged to the IV-D program. In addition, to ensure additional oversight and separation of duties, the Clerk is using the services of an outside vendor to assist them with preparing and submitting information relating to grant activities.

Respectfully submitted,



Susan Popp, Clerk of the Circuit Court

Date: February 2, 2017

Cc: File

CLERK OF THE CIRCUIT COURT
CLARK COUNTY
AUDIT RESULTS AND COMMENTS

DEPOSITS

Clerk of the Court receipt collections were deposited later than the next business day for 22 percent of the receipts tested.

Indiana Code 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

Indiana Code 5-13-6-1(g) states:

"The following are not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars (\$500):

- (1) An office of the legislative branch of state government.
- (2) A local officer of a political subdivision required to deposit funds under subsection (c) other than a township trustee.
- (3) A city or a town required to deposit funds under subsection (d).

However, the funds on hand must be deposited not later than the next business day following the day that the funds exceed five hundred dollars (\$500)."

BANK ACCOUNT RECONCILIATIONS

Monthly reconcilements of the depository account balance with the Cash Book record balance were performed by the Clerk of the Circuit Court for the court accounts; however, the reconciliations contained unidentified differences and did not balance. A comparison of the Cash Book record balance with the depository account balance at December 31, 2015, showed cash necessary to balance in the amount of \$5,141.56. The reconciliation difference has remained the same since December 31, 2013.

The ISETS (child support) account also shows a "cash necessary to balance" in the amount of \$105 at December 31, 2015. This was caused by a dishonored check in the amount of \$105 during 2009. No documentation was presented for audit showing that the Clerk of the Circuit Court referred the dishonored check to the County Prosecuting Attorney within 90 days after it was received.

A similar comment was included in prior Reports B47101 and B47888.

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 must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 1)

CLERK OF THE CIRCUIT COURT
CLARK COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

If the clerk is unable to obtain payment of a dishonored check, not later than ninety (90) days after the check was initially received, the matter shall be reported to the Prosecuting Attorney for the county. Clerks are not personally liable for dishonored checks if the required collection attempts and reporting are performed. If the dishonored check is related to support payments, IC 33-32-4-6 authorizes clerks to reimburse support accounts from support fees for the funds improperly disbursed through an error or because a check or money order was dishonored by a financial institution. The clerk is required to notify the prosecutor and pursue collection of these support fees. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 6)

The County is directed to approve procedures to restore the cash necessary to balance amount of \$5,141.56 in the Trust fund of the Clerk of the Circuit Court that has been outstanding since December 31, 2013. The County is also directed to restore the \$105 resulting from the dishonored check to the ISETS account from the support fees collected by the County.

On January 18, 2017, monies were received from the County General fund to cover the cash necessary to balance.

COLLECTION OF AMOUNTS DUE

On June 7, 2013, the Clerk of the Circuit Court received an order for the release of a cash bond posted on behalf of a defendant. The order required \$1,754 to be paid to the bond payor. The Clerk of the Circuit Court inadvertently disbursed the amount owed to the bond payor twice resulting in and overpayment of \$1,754. Upon discovery of the overpayment, the bond payor was contacted and requested to repay \$1,754. The bond payor stated that she was unable to pay the overpayment in full at that time but would make payments. The Clerk of the Circuit Court agreed to allow the bond payor to make payments; however, there was no written agreement or contract stating the terms of the repayment or time period for full repayment. As of December 31, 2015, repayments totaling \$435 have been received from the bond payor leaving the amount of \$1,319 still due to the County. The County is in the process of trying to obtain a written agreement with the payor for full repayment.

A similar comment was included in prior Reports B47101 and B47888.

Units have a responsibility to collect amounts owed to the unit pursuant to procedures authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 1)

The County is directed to approve procedures to restore the \$1,319 in the Trust fund of the Clerk of the Circuit Court.

On January 18, 2017, monies were received from the County General fund to cover the balance on the overpayment from the Trust fund.

OFFICIAL BONDS

The Surety Bond for Susan Popp, Clerk of the Circuit Court, was insufficient per the Indiana Code.

A similar comment was included in prior Reports B47101 and B47888.

CLERK OF THE CIRCUIT COURT
CLARK COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 5-4-1-18 states in part:

"(a) Except as provided in subsection (b), the following city, town, county, or township officers and employees shall file an individual surety bond:

- (1) City judges, controllers, clerks, and clerk-treasurers.
- (2) Town judges and clerk-treasurers.
- (3) Auditors, treasurers, recorders, surveyors, sheriffs, coroners, assessors, and clerks.
- (4) Township trustees.
- (5) Those employees directed to file an individual bond by the fiscal body of a city, town, or county.
- (6) Township assessors (if any).

(b) The fiscal body of a city, town, county, or township may by ordinance authorize the purchase of a blanket bond or a crime insurance policy endorsed to include faithful performance to cover the faithful performance of all employees, commission members, and persons acting on behalf of the local government unit, including those officers described in subsection (a).

(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of city controllers, city clerk-treasurers, town clerk-treasurers, Barrett Law fund custodians, county treasurers, county sheriffs, circuit court clerks, township trustees, and conservancy district financial clerks as follows:

- (1) The amount must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount for the officer or employee.

County auditors shall file bonds in amounts of not less than thirty thousand dollars (\$30,000), as fixed by the fiscal body of the county. The amount of the bond of any other person required to file an individual bond shall be fixed by the fiscal body of the unit at not less than fifteen thousand dollars (\$15,000). . . ."



SUSAN POPP

Clark County Government Building
501 E. Court Avenue, Room 137
Jeffersonville, IN 47130

Clerk of Courts

812.285.6244 Phone
812.285.6372 Fax
www.co.clark.in.us

February 22, 2017

Indiana State Board of Accounts
302 W. Washington St., Room E418
Indianapolis, IN 46204-2765

Re: 2015 Responses

Clerk's Bond – The surety bond amount for the Clark County Clerk was increased from \$90,000 to \$210,000.

Bank Deposits – Bank deposits are routinely taken to the bank within 1 to 2 business days. There were instances when this time frame was not followed, due to vacations, sick days, etc. We now have several people that take deposits to the bank in a timely manner.

Respectfully submitted,

Susan Popp, Clerk of the Circuit Court

Date: 2/22/2017

CLERK OF THE CIRCUIT COURT
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 7, 2017, with Susan Popp, Clerk of the Circuit Court, and Nancy Shepherd, Deputy Clerk of the Circuit Court.

The contents of this report were discussed on February 9, 2017, with Connie Sellers, Commissioner; Barbara Hollis, President of County Council; R. Scott Lewis, County Attorney; and Jill W. Oca, CPA/Contract Consultant.

COUNTY PROSECUTING ATTORNEY
CLARK COUNTY

COUNTY PROSECUTING ATTORNEY
CLARK COUNTY
FEDERAL FINDINGS

FINDING 2015-004 - ALLOWABLE COSTS/COSTS PRINCIPLES

Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or Other Identifying Number): 2015
Pass-Through Entity: Indiana Department of Child Services

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-004.

Condition

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

The County Prosecuting Attorney's office and the Clerk of the Circuit Court had an employee in which a portion of the employee's salary was paid from a IV-D incentive fund and the General fund without proper documentation to support the distribution.

Context

The County Prosecuting Attorney's office and the Clerk of the Circuit Court were not aware that supporting documentation must be maintained to support the distribution of an employee's salary who was compensated partially from a IV-D incentive fund and a non-federal award.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award 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). . . ."

2 CFR section 200.430(h)(8) states in part:

". . . (i) *Standards for Documentation of Personnel Expenses*

- (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.

These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;

COUNTY PROSECUTING ATTORNEY
CLARK COUNTY
FEDERAL FINDINGS
(Continued)

- (ii) Be incorporated into the official records of the non-Federal entity
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);
- (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity (See paragraph (h)(1)(ii) above for treatment of incidental work for IHEs.); and
- (vi)[Reserved]
- (vi) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

Cause

Those in charge of administrating the Child Support Enforcement Program in the Office of the Prosecuting Attorney and the Clerk of the Circuit Court were unaware of the requirements for time and effort reporting for employees receiving compensation from IV-D incentive funds.

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.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County Prosecuting Attorney's office and Clerk of the Circuit Court establish controls related to the grant agreement and compliance requirements pertaining to Allowable Costs/Cost Principles to ensure that all time and effort reporting requirements are complied with in the future.

Views of Responsible Officials

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

COUNTY PROSECUTING ATTORNEY
CLARK COUNTY
FEDERAL FINDINGS
(Continued)

FINDING 2015-005 - REPORTING

Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 95.563
Federal Award Number and Year (or Other Identifying Number): FY2015
Pass-Through Entity: Indiana Department of Child Services

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-005.

Condition

Management of the County had not established an effective internal control system over compliance requirements relating to Reporting.

The individuals preparing and approving the monthly claims for reimbursement in the County Prosecuting Attorney's office did not properly verify that the costs reported on the Monthly Expense Claims were in agreement with the financial records of the County. An employee is paid from the IV-D budget, but no evidence was presented that the employee was performing IV-D duties. The salary and benefits of this employee should not have been included in the amount reported on the Monthly Expense Claim; however, this employee's salary and benefits were reported as IV-D monthly expenses for the month of February 2015. In two instances, mathematical errors were noted on the Monthly Expense Claims. Prior Period Adjustments were submitted in subsequent months to attempt to correct the errors.

Context

Individuals were not properly preparing and approving the Monthly Expense Claim for Title IV-D in the County Prosecuting Attorney's office. As a result, three of the twelve Monthly Expense Claims for Title IV-D submitted by the County Prosecuting Attorney's office contained errors.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award 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). . . ."

Cooperative Agreement For Federal Financial Participation For Prosecuting Attorneys Performing Title IV-D Services, Part IV, section B(4) states:

"Reimbursement of allowable direct costs incurred by the Prosecuting Attorney shall not exceed the amount properly claimed and will be paid by CSB only upon the receipt of a properly completed and accurate Monthly Expense Claim Form (State Form No. 54529) incorporated by reference hereto."

COUNTY PROSECUTING ATTORNEY
CLARK COUNTY
FEDERAL FINDINGS
(Continued)

Cause

The Monthly Expense Claim for Title IV-D was not properly prepared and reviewed by the County Prosecuting Attorney's office.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance of the grant agreement or the Reporting 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 controls related to the grant agreement and compliance requirements pertaining to Reporting.

Views of Responsible Officials

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



4th Judicial Circuit
State of Indiana

**OFFICE OF THE PROSECUTING ATTORNEY
JEREMY MULL**

Clark County Prosecuting Attorney
501 East Court Avenue
215 County Government Building
Jeffersonville, IN 47130

Child Support Division
(812)285-6261 / FAX (812) 280-5633
childsupport@co.clark.in.us

Criminal Division
(812) 285-6264 / FAX (812) 285-6259

February 6, 2017

CORRECTIVE ACTION PLAN

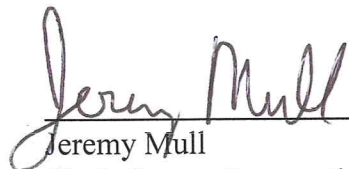
FINDING #2015-004

Contact Person Responsible for Corrective Action: Sarah M. Hart, IV-D Child Support Director.
Contact Phone Number: (812) 285-6261

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Child Support Director Sarah M. Hart will oversee preparation of periodic certifications for employees paid partially from IV-D incentive funds.

Anticipated Completion Date: A Personnel Activity Report will be completed for the employee who is paid partially out of IV-D incentive funds. The Semi-Annual IV-D Time and Efforts Certification will be completed twice a year – June 30 and December 31. The Semi-Annual IV-D Time and Efforts Certification were prepared for 2015, but may have been omitted from documents submitted for the audit. They are available to be reviewed.



Jeremy Mull
Clark County Prosecuting Attorney



4th Judicial Circuit
State of Indiana

**OFFICE OF THE PROSECUTING ATTORNEY
JEREMY MULL**

Clark County Prosecuting Attorney
501 East Court Avenue
215 County Government Building
Jeffersonville, IN 47130

Child Support Division
(812)285-6261 / FAX (812) 280-5633
childsupport@co.clark.in.us

Criminal Division
(812) 285-6264 / FAX (812) 285-6259

February 6, 2017

CORRECTIVE ACTION PLAN

FINDING #2015-005

Contact Person Responsible for Corrective Action: Sarah M. Hart, IV-D Child Support Director.
Contact Phone Number: (812) 285-6261

Views of Responsible Official: We are unable to agree or disagree with the finding, as we have not reviewed the specific records supporting the SBOA's contention that the Prosecutor's Monthly Expense Claims were incorrect in two months in 2015. However, as the audit findings reflect, there were prior period adjustments to attempt to correct the errors.

Description of Corrective Action Plan: Child Support Director Sarah M. Hart began overseeing the preparation of Monthly Expense Claims in approximately September of 2015. Therefore, we anticipate from that point forward, any errors have been minimized. Further, the Prosecutor was not intending to claim reimbursement for the employee being paid partially from the IV-D budget who was not performing IV-D duties. Therefore, if this was claimed in one month in 2015, it was done so in error. Also, we have eliminated this budget item from the 2017 IV-D budget.

Anticipated Completion Date: This implemented plan is ongoing.

Jeremy Mull
Clark County Prosecuting Attorney

COUNTY PROSECUTING ATTORNEY
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 6, 2017, with Jeremy Mull, County Prosecuting Attorney, and Sarah M. Hart, Deputy Prosecuting Attorney.

The contents of this report were discussed on February 9, 2017, with Connie Sellers, Commissioner; Barbara Hollis, President of County Council; R. Scott Lewis, County Attorney; and Jill W. Oca, CPA/Contract Consultant.

COUNTY PROBATION DEPARTMENT
CLARK COUNTY

COUNTY PROBATION DEPARTMENT
CLARK COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS - PROBATION DEPARTMENT RECEIPTS

Internal controls over the receipt collections in the County Probation Department were insufficient. The County Probation Department issues a combination of manual receipts and computer generated receipts. Manual receipts were issued if the computer system was down; monies were collected after the mid-afternoon close out of the daily collections; or the probationer's case was not set up in the computer system.

The following deficiencies in internal controls were noted over receipts issued:

1. Proper controls were not in place over the receipt books issued to ensure proper accountability for all of the receipts issued. A master list of the receipt books issued and the related receipt numbers was not maintained along with the individual to whom the receipt books were issued, to ensure that all receipt numbers are accounted for. The receipts issued were not always prescribed receipts with the name of the County printed on the receipt and a control over the receipt numbers. Instead, a generic receipt book was used that did not provide proper controls and accountability over the receipt issued.
2. Manual receipts issued were to be entered into the computerized accounting system to account for the amount paid by each probationer and the related balance owed. There were no controls in place to ensure that all of the manual receipts had been entered into the computer system to properly credit the monies received to the probationers' account and to account for the monies received.
3. Monies were not remitted timely to the County Auditor. If a probationer's case had not been created in the system at the time the monies were collected, the money and the manual receipt would be held until the time the probationer's case had been created in the computer system. Receipts were not remitted for deposit timely in 38 percent of the receipts tested.
4. Procedures were not in place whereby collections per the County Probation Department records were compared to amounts recorded in the County Auditor's ledger to ensure all monies had been remitted and recorded properly.

Procedures should be implemented to minimize the need for manual receipts. The daily cash drawer should be closed out at the end of the day, instead of the middle of the day, or if the cash drawer is closed out during the day, a second cash drawer should be opened to account for the collections. A person not involved in the collection process should be responsible for ordering receipt books and maintaining an inventory of receipt books assigned to individuals in order to ensure that all receipts are properly accounted for. Probationer cases should be established within the computer system in a timely manner to enable receipts to be issued within the computer system when the monies are received. Collections per the County Probation Department's records should be compared with collections recorded in the County Auditor's records to ensure all monies are accounted for and recorded properly.

A similar comment was included in prior Reports B45845 and B47888.

COUNTY PROBATION DEPARTMENT
CLARK COUNTY
AUDIT RESULT AND COMMENT
(Continued)

Indiana Code 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

Indiana Code 5-13-6-1(g) states:

"The following are not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars (\$500):

- (1) An office of the legislative branch of state government.
- (2) A local officer of a political subdivision required to deposit funds under subsection (c) other than a township trustee.
- (3) A city of a town required to deposit funds under subsection (d).

However, the funds on hand must be deposited not later than the next business day following the day that the funds exceed five hundred dollars (\$500)."

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the publication, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. This includes control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensation controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

COUNTY PROBATION DEPARTMENT
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 8, 2017, with the Honorable Vicki Carmichael, Circuit Court #4 Judge.

The contents of this report were discussed on February 9, 2017, with Connie Sellers, Commissioner; Barbara Hollis, President of County Council; R. Scott Lewis, County Attorney; and Jill W. Oca, CPA/Contract Consultant.

COUNTY TREASURER
CLARK COUNTY

COUNTY TREASURER
CLARK COUNTY
AUDIT RESULT AND COMMENT

TREASURER'S NON-REVERTING FUND

Fees collected that are associated with delinquent property taxes were being receipted into a locally established, Treasurer's Non-Reverting fund instead of the General fund as required by statute. The Treasurer's Non-Reverting fund was established by Ordinance No. 1-2010 and adopted by the Board of County Commissioners on January 7, 2010.

A similar comment appeared in the prior Report B47888.

Indiana Code 6-1.1-23-7 states:

"(a) With respect to the collection of delinquent personal property taxes, the county treasurer shall charge the following collection expenses to each delinquent taxpayer:

- (1) For making a demand by:
 - (A) registered or certified mail, eight dollars (\$8); or
 - (B) any other manner permitted by section 1 of this chapter, five dollars (\$5).
- (2) For making a levy, ten dollars (\$10).
- (2) For selling personal property, ten percent (10%) of the sale price.
- (3) For advertising a sale, the legal rates for advertising.
- (4) For transfer and storage of personal property, the actual expense incurred.
- (5) Other reasonable expenses of collection, including:
 - (A) title search expenses;
 - (B) uniform commercial code search expenses; and
 - (C) reasonable attorney's fees or court costs incurred:
 - (i) in the collection process;
 - (ii) due to a court order; or
 - (iii) due to an order of the treasurer; under IC 6-1.1-23-10.

(b) The fees collected under this section are the property of the county and shall be deposited in the county general fund. The collection expenses incurred in connection with the levy upon and sale of personal property shall be paid from the county general fund without prior appropriation."

COUNTY TREASURER
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 2, 2017, with David J. Reinhardt, County Treasurer.

The contents of this report were discussed on February 9, 2017, with Connie Sellers, Commissioner; Barbara Hollis, President of County Council; R. Scott Lewis, County Attorney; and Jill W. Oca, CPA/Contract Consultant.