

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

ADAMS COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
05/19/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
County Auditor:	
Federal Finding:	
Finding 2014-001 - Preparation of the Schedule of Expenditures of Federal Awards	6-7
Corrective Action Plan	8
Exit Conference	9
County Prosecutor:	
Federal Finding:	
Finding 2014-002 - Allowable Costs/Cost Principles	12
Corrective Action Plan	13
Exit Conference	14
Clerk of the Circuit Court:	
Audit Result and Comment:	
Collection of Amounts Due	16
Exit Conference	17

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Mary B. Beery	01-01-13 to 12-31-20
County Treasurer	Thomas R. Krueckeberg	01-01-13 to 12-31-20
Clerk of the Circuit Court	Gayla M. (Reinhart) Moore James J. Voglewede	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Sheriff	Shane L. Rekeweg	01-01-11 to 12-31-18
County Recorder	Deborah S. Stimpson	01-01-13 to 12-31-20
County Prosecutor	Christopher E. Harvey Jeremy W. Brown	01-01-11 to 12-31-14 01-01-15 to 12-31-18
President of the Board of County Commissioners	Douglas L. Bauman	01-01-14 to 12-31-17
President of the County Council	Randy S. Colclasure Eric D. Orr Tony L. Mellencamp	01-01-14 to 12-31-14 01-01-15 to 12-31-16 01-01-17 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

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TO: THE OFFICIALS OF ADAMS COUNTY, INDIANA

This report is supplemental to our audit report of Adams County (County), for the period from January 1, 2014 to December 31, 2014. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the County. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the County, which provides our opinions on the County's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Results and Comments as described below.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Corrective Action Plan for the Federal Findings and Official Response to the Audit Results and Comments, incorporated within this report, were not verified for accuracy.

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

March 21, 2017

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COUNTY AUDITOR
ADAMS COUNTY

COUNTY AUDITOR
ADAMS COUNTY
FEDERAL FINDING

**FINDING 2014-001 - 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).

Context

During the audit of the SEFA, there were nine programs which required adjustments. In total, the SEFA was understated by \$65,590. Audit adjustments were proposed, accepted by the County, and made to the SEFA.

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. . . ."

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310. . . ."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

COUNTY AUDITOR
ADAMS COUNTY
FEDERAL FINDING
(Continued)

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Cause

Management had not established a system of internal 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. The SEFA contained the errors identified in the *Context*.

Views of Responsible Officials

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



ADAMS COUNTY AUDITOR'S OFFICE

MARY B. BEERY, AUDITOR

313 W JEFFERSON ST

DECATUR, INDIANA 46733

March 6, 2017

Corrective Action Plan

FINDING 2014 - 01 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact: Adams County Auditor, Mary B. Beery

Contact Phone Number: 260-724-5303

The Adams County Auditor's Office will take the following action in correcting the above named finding due to the recent 2014 audit from the State Board of Accounts.

Adams County will implement additional internal control policies in 2017 to maintain that the Schedule of Expenditures of Federal Awards is completed correctly. We will follow the guidance given by the State Board of Accounts for future reporting. All departments involved will be notified on the grant process and be mindful of the importance of providing the necessary paperwork to the Auditor's Office.

Respectively submitted,

Mary B Beery
Adams County Auditor

cc:

Mark Burry, County Attorney
Rex Moore, Commissioner
Doug Bauman, Commissioner
Kim Fruechte, Commissioner

COUNTY AUDITOR
ADAMS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 21, 2017, with Mary B. Beery, County Auditor, and Douglas L. Bauman, President of the Board of County Commissioners.

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COUNTY PROSECUTOR
ADAMS COUNTY

COUNTY PROSECUTOR
ADAMS COUNTY
FEDERAL FINDING

FINDING 2014-002 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or Other Identifying Number): FY 2014
Pass-Through Entity: Indiana Department of Child Services

Condition

The County Prosecuting Attorney's office had not established an effective internal control system over requirements relating to the Allowable Costs/Cost Principles compliance requirement.

Context

There were no Semiannual Certifications submitted for full-time employees during the audit period. The County Prosecuting Attorney's office was not aware of this requirement.

Criteria

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

"Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee."

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

TRACY HELTZ NOETZEL
Chief Deputy

AUDRA SNYDER
Deputy Prosecutor

JULIE-MARIE BROWN
Deputy Prosecutor

DEATRA PETERSON
Victim Advocate

OFFICE OF THE
PROSECUTING ATTORNEY
ADAMS COUNTY
26TH JUDICIAL CIRCUIT OF INDIANA

JEREMY W. BROWN
PROSECUTING ATTORNEY

112 South Second Street
Courthouse, 1st Floor
Decatur, IN 46733
Telephone: (260) 724-5338
Facsimile: (260) 724-5342
Email: prosecutor@co.adams.in.us

March 8, 2017

To: Indiana State Board of Accounts

Re: Finding 2014-002
Corrective Action Plan

Contact Person Responsible for Corrective Action: Jeremy W. Brown
Contact Phone Number: (260) 724-5338

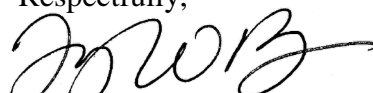
Please let this letter serve as our corrective action plan with respect to Finding 2014-002. The undersigned became the Prosecuting Attorney for Adams County on January 1, 2015. The Prosecuting Attorney's Office did not present documentation regarding time and effort for each employee and there were no semi-annual certifications submitted for full-time employees during the audit period. The Prosecuting Attorney's Office was not aware of this requirement until 2016, when CSB issued new procedures.

All employees which includes the part-time IV-D prosecutor and three case workers devote 100% of their time to paternity, child support collection and enforcement (IV-D services). The same is true for 2015 and 2016 and going forward.

The corrective action will be for the employees to sign the Semi-Annual IV-D Time and Effort Certification and timely submit the same. This plan has already been implemented.

If you have any additional questions or concerns, please do not hesitate to contact me.

Respectfully,


Jeremy W. Brown

COUNTY PROSECUTOR
ADAMS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 21, 2017, with Jeremy W. Brown, County Prosecutor, and Douglas L. Bauman, President of the Board of County Commissioners.

CLERK OF THE CIRCUIT COURT
ADAMS COUNTY

CLERK OF THE CIRCUIT COURT
ADAMS COUNTY
AUDIT RESULT AND COMMENT

COLLECTION OF AMOUNTS DUE

Payments were made from the Clerk's Trust fund that exceeded the amount owed by \$459, which were overpayments of trust items. Attempts to recover the overpayments have been unsuccessful and refunds have not been received as of December 31, 2014.

Governmental 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)

CLERK OF THE CIRCUIT COURT
ADAMS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 21, 2017, with James J. Voglewede, Clerk of the Circuit Court, and Douglas L. Bauman, President of the Board of County Commissioners.