

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

MARTIN COUNTY, INDIANA

January 1, 2014 to December 31, 2015



**FILED**  
05/24/2017



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	January Roush	01-01-13 to 12-31-20
County Treasurer	Vicki D. Boyd Lori D. Carrico	01-01-13 to 12-31-16 01-01-17 to 12-31-20
Clerk of the Circuit Court	Julie Fithian Gerald D. Montgomery	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Sheriff	Robert F. Street James Roush	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Recorder	Gerald D. Montgomery Rhonda Sanders	01-01-13 to 12-31-14 01-01-15 to 12-31-20
President of the County Council	C. Richard Summers	01-01-14 to 12-31-17
President of the Board of County Commissioners	Paul R. George	01-01-14 to 12-31-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MARTIN COUNTY, INDIANA

This report is supplemental to our examination report of Martin County (County), for the period from January 1, 2014 to December 31, 2015. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the County. It should be read in conjunction with our Financial Statement Examination Report of the County, which provides our opinion on the County's financial statement. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

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 Examination 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 Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

April 3, 2017

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COUNTY TREASURER  
MARTIN COUNTY

COUNTY TREASURER  
MARTIN COUNTY  
EXAMINATION RESULT AND COMMENT

***BANK ACCOUNT RECONCILIATIONS***

Monthly depository reconciliations of the fund balances to the bank account balances were conducted by the County Treasurer's office; however, the reconciled balance of the County Treasurer's Cash Book did not agree to the balance of the County Auditor's Fund Ledger for 17 of the 24 months examined. The difference between the reconciled bank balance and the County Auditor's Fund Ledger indicated cash necessary to balance of \$922 and \$2,050 as of December 31, 2014 and 2015, respectively. In addition, there were adjustments on the bank reconciliations that had been carried since 2012 and had not been corrected.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

COUNTY TREASURER  
MARTIN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on April 3, 2017, with January Roush, County Auditor; Lori D. Carrico, County Treasurer; Vicki D. Boyd, former County Treasurer; Paul R. George, President of the Board of County Commissioners; and C. Richard Summers, President of the County Council.

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COUNTY PROSECUTING ATTORNEY  
MARTIN COUNTY

COUNTY PROSECUTING ATTORNEY  
MARTIN COUNTY  
EXAMINATION RESULTS AND COMMENTS

***BANK ACCOUNT RECONCILIATIONS***

Depository reconciliations of the Prosecutor Check Deception Program fund balances to the bank account balances were not presented for examination.

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."

***DEPOSITS***

Receipts were deposited later than the next business day in 97 percent of receipts tested. Some receipts were not deposited for a period of six months from the date they were received.

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. . . ."

***INTERNAL CONTROLS***

Internal controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient due to a lack of segregation of duties. There was one person solely responsible for the receipting, depositing, and disbursing of check deception program funds without any oversight, review, or approval process.

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 PROSECUTING ATTORNEY  
MARTIN COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(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. . . ."

***RECEIPT ISSUANCE***

Receipts were not always issued when money was received. Computer receipts were created for the amount of money taken to the bank for deposit. We were unable to determine the total amount of money received in comparison to the total amount of money that were deposited with the bank for the Prosecutor Check Deception Program.

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

***LEDGER NOT MAINTAINED***

Financial records presented for examination did not provide sufficient information to establish the accuracy or completeness of the transactions of the Prosecutor Check Deception Program fund because a ledger was not maintained.

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY PROSECUTING ATTORNEY  
MARTIN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on March 30, 2017, with C. Michael Steiner, County Prosecuting Attorney.

The contents of this report were discussed on April 3, 2017, with January Roush, County Auditor; Paul R. George, President of the Board of County Commissioners; and C. Richard Summers, President of the County Council.