

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CRAWFORD COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
06/06/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Ricki Hawkins	01-01-11 to 12-31-14
	Christian Howell	01-01-15 to 12-31-18
County Treasurer	Kelli R. Slaughterback	01-01-13 to 12-31-20
Clerk of the Circuit Court	Edna M. Brown	01-01-11 to 12-31-18
County Sheriff	Tim Wilkerson	01-01-11 to 12-31-14
	Charles McDaniel	01-01-15 to 02-03-17
	Jeff Howell	02-04-17 to 12-31-18
County Recorder	Charla Dawn Wright	01-01-11 to 12-31-14
	Jessica Bowman	01-01-15 to 12-31-18
President of the Board of County Commissioners	Randy Gilmore	01-01-14 to 12-31-14
	Jim Schultz	01-01-15 to 12-31-16
	Dan Crecilius	01-01-17 to 12-31-17
President of the County Council	Jerry Brewer	01-01-14 to 12-31-14
	Steve Bartels	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

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Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF CRAWFORD COUNTY, INDIANA

This report is supplemental to our audit report of Crawford 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 Result and Comment that pertains 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 Result and Comment 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 Result and Comment contained herein describes 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

April 19, 2017

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COUNTY AUDITOR
CRAWFORD COUNTY

COUNTY AUDITOR
CRAWFORD COUNTY
FEDERAL FINDINGS

FINDING 2014-001 - FINANCIAL TRANSACTIONS AND REPORTING

Condition

There was a deficiency in the internal control system of the County Auditor related to financial transactions and reporting. The following deficiency constituted a material weakness:

Preparing Financial Statement: Internal controls were not in place to detect that the financial statement for the County, as presented for audit, was materially incorrect. Errors noted included the following:

1. Two County funds were not included on the financial statement.
2. Four funds' receipts, disbursements, and/or cash and investment balance were reported incorrectly.

The errors noted above resulted in an understatement of receipts in the amount of \$75,807, an overstatement of disbursements in the amount of \$3,008,278, and an overstatement of the beginning and ending cash and investment balances in the amounts of \$3,298,128 and \$365,657, respectively.

Audit adjustments were proposed, accepted by the County, and made to the financial statement.

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. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

COUNTY AUDITOR
CRAWFORD COUNTY
FEDERAL FINDINGS
(Continued)

Cause

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

Effect

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

Views of Responsible Officials

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

**FINDING 2014-003 - 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). The County Auditor entered the grant information into the Indiana Gateway for Government Units financial reporting system (Gateway), which is the source of the SEFA, and no evidence was presented that would have indicated there was an oversight, review, or approval process, or other compensating controls in place to verify the accuracy of the information and amounts.

The SEFA presented for audit contained the following errors:

1. Ten federal grants with \$367,588 in federal expenditures were not reported.
2. A state award with disbursements of \$1,839 was reported as a federal grant.
3. The pass-through agency, federal program titles, and pass-through entity identifying numbers were incorrect for several federal programs.

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.

COUNTY AUDITOR
CRAWFORD COUNTY
FEDERAL FINDINGS
(Continued)

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:

- (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.

COUNTY AUDITOR
CRAWFORD COUNTY
FEDERAL FINDINGS
(Continued)

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.

**CRAWFORD COUNTY AUDITOR
715 JUDICIAL PLAZA DRIVE ENGLISH, IN 47118
P.O. BOX 316
(812)338-2601
FAX (812)338-3506**

CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action: Christian Howell
Contact Phone Number: 812-338-2601

Views of Responsible Official: We concur with the findings and are implementing a corrective action plan.

Description of Corrective Action Plan:

1. UPON FINDINGS AND CORRECTIONS FROM STATE BOARD OF ACCOUNTS, I WILL BEGIN TO GIVE AN EMPLOYEE IN MY OFFICE A COPY OF THE RECORDS TO DOUBLE CHECK MY ENTRIES IN GATEWAY. ALL INFORMATION WILL BE CONFIRMED BEFORE THE FINAL SUBMISSION IN GATEWAY.

IF YOU HAVE ANY FUTHER QUESTIONS REGARDING THIS ISSUE, PLEASE FEEL FREE TO CONTACT ME AT (812)-338-2601.

Anticipated Completion Date: January 1, 2018

Christian Howell
(Signature)

Auditor
(Title)

04/18/17
(Date)

**CRAWFORD COUNTY AUDITOR
715 JUDICIAL PLAZA DRIVE ENGLISH, IN 47118
P.O. BOX 316
(812)338-2601
FAX (812)338-3506**

CORRECTIVE ACTION PLAN

FINDING 2014-003

Contact Person Responsible for Corrective Action: Christian Howell
Contact Phone Number: 812-338-2601

Views of Responsible Official: We concur with the findings and are implementing a corrective action plan.

Description of Corrective Action Plan

1. UPON FINDINGS AND CORRECTIONS FROM STATE BOARD OF ACCOUNTS, OUR OFFICE HAS BEGUN KEEPING FOLDERS FOR ALL GRANTS. THESE FOLDERS INCLUDE COPIES OF CLAIMS PAID, RECEIPTS, AND OTHER GRANT INFORMATION AVAILABLE SUCH AS DES #, TITLES, ETC.
2. OUR OFFICE ALSO RECEIVED INFORMATION AND REFERENCES FROM STATE BOARD OF ACCOUNTS TO MAKE THE GRANT FUNDING IDENTIFICATION EASIER.
3. BEGINNING NEXT YEAR, AFTER THE SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS ARE PREPARED IN THE GATEWAY SYSTEM, PRIOR TO SUBMISSION, I WILL GIVE A COPY TO THE VARIOUS DEPARTMENT HEADS WHO ROUTINELY RECEIVE GRANTS FOR THEM TO REVIEW TO MAKE SURE ALL GRANTS ARE INCLUDED AND THAT THE INFORMATION IS CORRECT.

IF YOU HAVE ANY FUTHER QUESTIONS REGARDING THIS ISSUE, PLEASE FEEL FREE TO CONTACT ME AT (812)-338-2601.

Anticipated Completion Date: January 1, 2018

Christian Howell
(Signature)

Auditor
(Title)

02/18/17
(Date)

COUNTY AUDITOR
CRAWFORD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 18, 2017, with Ricki Hawkins, former County Auditor.

The contents of this report were discussed on April 19, 2017, with Christian Howell, County Auditor; Dan Crecilius, President of the Board of County Commissioners; and Steve Bartels, President of the County Council.

CLERK OF THE CIRCUIT COURT
CRAWFORD COUNTY

CLERK OF THE CIRCUIT COURT
CRAWFORD COUNTY
FEDERAL FINDING

**FINDING 2014-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS
AND REPORTING - CLERK OF THE CIRCUIT COURT**

Condition

There were deficiencies in the internal control system of the Clerk of the Circuit Court related to financial transactions and reporting.

One employee was responsible for issuing receipts and warrants and posting the financial transactions to the Daily Cash Balance Report. No evidence was presented that would have indicated there was an oversight, review, or approval process, or other compensating controls in place to verify the accuracy of the information and amounts.

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:

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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

The Clerk of the Circuit Court had not established a proper system of internal control to ensure that all financial transactions were properly recorded and accounted for.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected and increase the risk of 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.

**CRAWFORD COUNTY CLERK
P O BOX 375
715 JUDICIAL PLAZA DRIVE
ENGLISH IN 47118**

April 11, 2017

FINDING 2014-002

CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION: Edna M. Brown
CONTACT PHONE NUMBER: 812-338-2565/clerk@crawfordcountyin.com

VIEWS OF RESPONSIBLE PERSON: I totally agree with this request. There should be a dual control just to keep everyone on the up & up. Thank you so much for bringing this to our attention.

DESCRIPTION OF CORRECTIVE ACTION PLAN: I will check, review, and initial the daily balancing.

ANTICIPATED COMPLETION DATE: Will begin this on April 13, 2017

Edna M. Brown
Clerk
4-11-17

CLERK OF THE CIRCUIT COURT
CRAWFORD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 18, 2017, with Edna M. Brown, Clerk of the Circuit Court.

The contents of this report were discussed on April 19, 2017, with Dan Crecilus, President of the Board of County Commissioners, and Steve Bartels, President of the County Council.

COUNTY TREASURER
CRAWFORD COUNTY

COUNTY TREASURER
CRAWFORD COUNTY
AUDIT RESULT AND COMMENT

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were conducted; however, at December 31, 2014, the reconciliation included three adjustments with the net effect of reducing the adjusted bank account balance by \$3,121. These reconciling items did not contain sufficient supporting documentation to verify their accuracy.

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

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

COUNTY TREASURER
CRAWFORD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April, 18, 2017, with Kelli R. Slaughterback, County Treasurer.

The contents of this report were discussed on April, 19, 2017, with Dan Crecilius, President of the Board of County Commissioners, and Steve Bartels, President of the County Council.