

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

DELAWARE COUNTY, INDIANA

January 1, 2014 to December 31, 2014



**FILED**  
09/08/2017



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
County Auditor:	
Federal Findings:	
Finding 2014-001 - Preparation of the Schedule of Expenditures of Federal Awards .....	6-7
Finding 2014-002 - Financial Transactions and Reporting .....	7-9
Corrective Action Plan .....	10-12
Exit Conference .....	13
County Treasurer:	
Audit Result and Comment:	
Bank Account Reconciliations .....	16
Exit Conference .....	17
Board of County Commissioners:	
Federal Finding:	
Finding 2014-002 - Financial Transactions and Reporting .....	20-22
Corrective Action Plan .....	23-24
Exit Conference .....	25
Clerk of the Circuit Court:	
Federal Finding:	
Finding 2014-002 - Financial Transactions and Reporting .....	28-30
Corrective Action Plan .....	31-32
Exit Conference .....	33
County Sheriff:	
Federal Finding:	
Finding 2014-002 - Financial Transactions and Reporting .....	36-38
Corrective Action Plan .....	39-40
Exit Conference .....	41
County Redevelopment Commission:	
Federal Findings:	
Finding 2014-002 - Financial Transactions and Reporting .....	44-46
Finding 2014-003 - Reporting and Davis-Bacon Act .....	46-47
Finding 2014-004 - Equipment and Real Property Management .....	47-48
Corrective Action Plan .....	49-52
Exit Conference .....	53

## SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Judy Rust	01-01-11 to 12-31-14
	Steven G. Craycraft	01-01-15 to 12-31-18
County Treasurer	John Dorer	01-01-13 to 02-23-15
	(Vacant)	02-24-15 to 03-06-15
	Gary Campbell	03-07-15 to 12-31-16
	Edward E. Carroll Jr.	01-01-17 to 12-31-20
Clerk of the Circuit Court	Steven G. Craycraft	01-01-11 to 12-31-14
	Mike King	01-01-15 to 12-31-18
County Sheriff	Michael Scroggins (deceased)	01-01-11 to 05-15-15
	(Vacant)	05-16-15 to 06-03-15
	Ray Dudley	06-04-15 to 12-31-18
President of the Board of County Commissioners	James King	01-01-14 to 12-31-14
	Sherry Riggan	01-01-15 to 12-31-15
	Shannon Henry	01-01-16 to 12-31-16
	James King	01-01-17 to 12-31-17
President of the County Council	Michael Jones	01-01-14 to 12-31-14
	Chris Matchett	01-01-15 to 12-31-16
	Ron Quakenbush	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

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF DELAWARE COUNTY, INDIANA

This report is supplemental to our audit report of Delaware 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/](http://www.in.gov/sboa/).

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit 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 instance 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 Result and Comment, incorporated within this report, were not verified for accuracy.

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

July 20, 2017

(This page intentionally left blank.)

COUNTY AUDITOR  
DELAWARE COUNTY

COUNTY AUDITOR  
DELAWARE COUNTY  
FEDERAL FINDINGS

**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). Due to the lack of controls, the following errors occurred on the SEFA:

1. The Highway Planning and Construction Cluster expenditures were overstated by \$330,740.
2. Several grants were understated due to wrong amounts or omitted grant expenditures. The net understatement totaled \$11,841.
3. Information such as grantor agency, program title, pass-through entity, Catalog of Federal Domestic Assistance (CFDA) number, and pass-through identifying number was either incorrectly reported or omitted for some grants.

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. . . ."

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 § \_\_\_\_ .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  
DELAWARE COUNTY  
FEDERAL FINDINGS  
(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*

Because a proper system of internal control was not in place, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition*.

*Views of Responsible Officials*

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

**FINDING 2014-002 - FINANCIAL TRANSACTIONS AND REPORTING**

*Condition*

The County had deficiencies in their internal control system related to financial transactions and reporting in the following areas:

1. Preparation of the Financial Statement: The County failed to design effective controls over the preparation of the financial statement in order to prevent, or detect and correct, material misstatements, including notes to the financial statement. The County submitted financial information into the Indiana Gateway for Government Units, which is a financial reporting

COUNTY AUDITOR  
DELAWARE COUNTY  
FEDERAL FINDINGS  
(Continued)

system and the source of the Annual Financial Report (AFR). The AFR was used to compile the County's financial statement. There was no control in place, such as an oversight, review, or approval process, to ensure the accuracy of the financial information prior to the submission.

2. Monitoring of Controls: The County had no process in place to monitor the effectiveness of controls over time.
3. Information and Communication: The County did not have proper procedures in place to ensure that proper communications were made to ensure proper reporting on the financial statement.
4. Payroll: There were no controls in place to ensure that the payroll of department heads was correct and accurate. The time records of department heads were not verified or reviewed for accuracy before their payroll was calculated and the department heads were paid.
5. Clerk of the Circuit Court Records: No effective controls were in place to ensure that the receipts, disbursements, and balances presented to the County Auditor for inclusion in the AFR were accurate.
6. County Sheriff Receipts: There was no segregation of duties over the collection of cash, posting of the cashbook, or depositing.
7. County Redevelopment Commission: There were no controls established over trust accounts held by the County Redevelopment Commission. There were 27 trust accounts held for redevelopment accounts. Some of these trust accounts statements were received by the County Redevelopment Commission, some were received by the County Auditor, and some were sent to the company receiving the bond revenues. There was no comprehensive review of these accounts performed; therefore, they were not properly monitored.

The financial statement contained the following errors:

- Three funds that were included in the County Auditor's Fund Ledger were also reported by the County Redevelopment Commission and caused the cash balance to be overstated by \$1,419,404.
- Two bond trust funds held by the County Redevelopment Commission did not report the receipts or bond payments, which caused both receipts and disbursements to be understated by \$197,270.

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:

COUNTY AUDITOR  
DELAWARE COUNTY  
FEDERAL FINDINGS  
(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. . . ."

"Relevant information from both internal and external sources is necessary to support the functioning of the other components of internal control. Communication is the continual process of providing, sharing, and obtaining necessary information. Internal communication enables personnel to receive a clear message that control responsibilities are taken seriously by the organization. External communication enables relevant outside information to be internalized and internal information to be clearly communicated to external parties. . . .

Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators."

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."

*Cause*

Management of the County had not established a proper system of internal control. An evaluation of the County's system of internal control had not been conducted.

*Effect*

The failure to establish controls enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the County at risk that controls may have not been either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, material misstatements in a timely manner.

*Views of Responsible Officials*

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



***Steven G. Craycraft***  
***Delaware County Auditor***

June 21, 2017

**CORRECTIVE ACTION PLAN**

FINDING: 2014-001

CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:

**AUDITOR STEVEN G. CRAYCRAFT**

**765-747-7717**

**DESCRIPTION OF CORRECTIVE ACTION PLAN**

**County Auditor:**

Grants will now be processed through the Delaware County Auditor's office, causing financial information to not be duplicated upon entry into the counties finance system or into the states Gateway system.

**View of Responsible Official:**

This problem was corrected by not allowing duplicate financial information to be submitted from Grant Recipients.

Anticipated completion date is year end 2017



# ***Steven G. Craycraft***

## ***Delaware County Auditor***

June 21, 2017

### **CORRECTIVE ACTION PLAN**

FINDING: 2014-002

CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:

<b>AUDITOR STEVEN G. CRAYCRAFT</b>	<b>765-747-7717</b>
<b>CLERK MIKE KING</b>	<b>765-747-7726</b>
<b>SHERIFF RAY DUDLEY</b>	<b>765-747-7885</b>
<b>COUNTY REDEVELOPMENT BRAD BOOKOUT</b>	<b>765-808-1484</b>

### **DESCRIPTION OF CORRECTIVE ACTION PLAN**

#### **County Auditor:**

The current County Auditor implemented procedures, including purchasing a new payroll/finance system. The current Auditor and Chief Deputy Auditor review financial records, including claims, budgets and other financial items. The current Auditor also encourages employees of the Auditors office and Treasurers office to check balances weekly.

The County Commissioners, with input from the County Auditor adopted a new internal control policy for Delaware County. The new internal control policy was implemented by the County Auditor.

Financial statements are reviewed for accuracy and to make sure reporting is correct and proper. Balances of accounts, including receipts and payments are checked between the County Treasurer and the County Auditor's office weekly.

The County Auditor and/or Chief Deputy Auditor reviews the reporting of time sheet records for Delaware County Department Heads to make sure reporting of time is correct and accurate

#### **County Clerk:**

The current County Clerk now requires that all financial reports are reviewed by the County Clerk and one bookkeeper prior to submission to the County Auditor. The County Clerk has implemented an Excel spreadsheet version of the annual report that is submitted to the County Auditor. This was completed with assistance from the SBoA.

100 W. Main Street Room 103 Muncie, IN 47305  
Office: 765-747-7717 Fax: 765-741-3422  
E-mail: [scraycraft@co.delaware.in.us](mailto:scraycraft@co.delaware.in.us)

**County Sheriff:**

The County Sheriff hired an additional person and duties have been separated.

**County Redevelopment Director:**

The grant that a finding was made on (2013-003), ended in 2014.

The DCRC has requested all account statements to be sent to the Delaware County Auditor's Office. Concerning monitoring, the DCRC will continue to contract with H.J. Umbaugh to audit the accounts annually and all expenditures paid for from trust accounts are to be approved by the DCRC. Regarding over and understated balances, the DCRC will ask the Auditor's Office and H.J. Umbaugh to work cooperatively to ensure the balances are correct.

**View of Responsible Official:**

I believe that efforts have been made to correct each problem found by the SBoA.

Anticipated completion date is year end 2017

COUNTY AUDITOR  
DELAWARE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 20, 2017, with Steven G. Craycraft, County Auditor; Donna Patterson, Deputy County Auditor; Ron Quakenbush, President of the County Council; and Sherry Riggin, County Commissioner.

(This page intentionally left blank.)

COUNTY TREASURER  
DELAWARE COUNTY

COUNTY TREASURER  
DELAWARE COUNTY  
AUDIT RESULT AND COMMENT

***BANK ACCOUNT RECONCILIATIONS***

The County Treasurer's office depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation contained unidentifiable errors resulting in a net long of \$202,819. Therefore, the reconciliation was not accurate. The amount in the County Treasurer's Cash Book was \$293,260 less than the Fund Ledger maintained by the County Auditor. These differences were not material to the County's financial statement.

A similar comment appeared in prior Report B44529.

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."

The Monthly Financial Statement, Form 61, is a permanent record prepared from the treasurer's funds ledger at the close of each month. It is prepared after all postings to the ledger have been completed for the month and reflects the total receipts and disbursements and the balance for each fund for the month and for the year to date. The statement must agree with a similar statement kept by the county auditor, giving consideration to any adjustments required to reconcile the ledgers of the two offices. (Accounting and Uniform Compliance Guidelines for County Treasurers of Indiana, Chapter 5)

COUNTY TREASURER  
DELAWARE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 20, 2017, with Edward E. Carroll Jr., County Treasurer; Becki Stuffel, Deputy County Treasurer; Ron Quakenbush, President of the County Council; and Sherry Riggin, County Commissioner.

(This page intentionally left blank.)

BOARD OF COUNTY COMMISSIONERS  
DELAWARE COUNTY

BOARD OF COUNTY COMMISSIONERS  
DELAWARE COUNTY  
FEDERAL FINDING

**FINDING 2014-002 - FINANCIAL TRANSACTIONS AND REPORTING**

*Condition*

The County had deficiencies in their internal control system related to financial transactions and reporting in the following areas:

1. Preparation of the Financial Statement: The County failed to design effective controls over the preparation of the financial statement in order to prevent, or detect and correct, material misstatements, including notes to the financial statement. The County submitted financial information into the Indiana Gateway for Government Units, which is a financial reporting system and the source of the Annual Financial Report (AFR). The AFR was used to compile the County's financial statement. There was no control in place, such as an oversight, review, or approval process, to ensure the accuracy of the financial information prior to the submission.
2. Monitoring of Controls: The County had no process in place to monitor the effectiveness of controls over time.
3. Information and Communication: The County did not have proper procedures in place to ensure that proper communications were made to ensure proper reporting on the financial statement.
4. Payroll: There were no controls in place to ensure that the payroll of department heads was correct and accurate. The time records of department heads were not verified or reviewed for accuracy before their payroll was calculated and the department heads were paid.
5. Clerk of the Circuit Court Records: No effective controls were in place to ensure that the receipts, disbursements, and balances presented to the County Auditor for inclusion in the AFR were accurate.
6. County Sheriff Receipts: There was no segregation of duties over the collection of cash, posting of the cashbook, or depositing.
7. County Redevelopment Commission: There were no controls established over trust accounts held by the County Redevelopment Commission. There were 27 trust accounts held for redevelopment accounts. Some of these trust accounts statements were received by the County Redevelopment Commission, some were received by the County Auditor, and some were sent to the company receiving the bond revenues. There was no comprehensive review of these accounts performed; therefore, they were not properly monitored.

The financial statement contained the following errors:

- Three funds that were included in the County Auditor's Fund Ledger were also reported by the County Redevelopment Commission and caused the cash balance to be overstated by \$1,419,404.
- Two bond trust funds held by the County Redevelopment Commission did not report the receipts or bond payments, which caused both receipts and disbursements to be understated by \$197,270.

BOARD OF COUNTY COMISSIONERS  
DELAWARE COUNTY  
FEDERAL FINDING  
(Continued)

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. . . ."

"Relevant information from both internal and external sources is necessary to support the functioning of the other components of internal control. Communication is the continual process of providing, sharing, and obtaining necessary information. Internal communication enables personnel to receive a clear message that control responsibilities are taken seriously by the organization. External communication enables relevant outside information to be internalized and internal information to be clearly communicated to external parties. . . .

Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators."

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."

*Cause*

Management of the County had not established a proper system of internal control. An evaluation of the County's system of internal control had not been conducted.

BOARD OF COUNTY COMMISSIONERS  
DELAWARE COUNTY  
FEDERAL FINDING  
(Continued)

*Effect*

The failure to establish controls enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the County at risk that controls may have not been either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, material misstatements in a timely manner.

*Views of Responsible Officials*

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



# **Steven G. Craycraft**

## *Delaware County Auditor*

June 21, 2017

### **CORRECTIVE ACTION PLAN**

FINDING: 2014-002

CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:

<b>AUDITOR STEVEN G. CRAYCRAFT</b>	<b>765-747-7717</b>
<b>CLERK MIKE KING</b>	<b>765-747-7726</b>
<b>SHERIFF RAY DUDLEY</b>	<b>765-747-7885</b>
<b>COUNTY REDEVELOPMENT BRAD BOOKOUT</b>	<b>765-808-1484</b>

### **DESCRIPTION OF CORRECTIVE ACTION PLAN**

#### **County Auditor:**

The current County Auditor implemented procedures, including purchasing a new payroll/finance system. The current Auditor and Chief Deputy Auditor review financial records, including claims, budgets and other financial items. The current Auditor also encourages employees of the Auditors office and Treasurers office to check balances weekly.

The County Commissioners, with input from the County Auditor adopted a new internal control policy for Delaware County. The new internal control policy was implemented by the County Auditor.

Financial statements are reviewed for accuracy and to make sure reporting is correct and proper. Balances of accounts, including receipts and payments are checked between the County Treasurer and the County Auditor's office weekly.

The County Auditor and/or Chief Deputy Auditor reviews the reporting of time sheet records for Delaware County Department Heads to make sure reporting of time is correct and accurate

#### **County Clerk:**

The current County Clerk now requires that all financial reports are reviewed by the County Clerk and one bookkeeper prior to submission to the County Auditor. The County Clerk has implemented an Excel spreadsheet version of the annual report that is submitted to the County Auditor. This was completed with assistance from the SBoA.

100 W. Main Street Room 103 Muncie, IN 47305  
Office: 765-747-7717 Fax: 765-741-3422  
E-mail: [scraycraft@co.delaware.in.us](mailto:scraycraft@co.delaware.in.us)

**County Sheriff:**

The County Sheriff hired an additional person and duties have been separated.

**County Redevelopment Director:**

The grant that a finding was made on (2013-003), ended in 2014.

The DCRC has requested all account statements to be sent to the Delaware County Auditor's Office. Concerning monitoring, the DCRC will continue to contract with H.J. Umbaugh to audit the accounts annually and all expenditures paid for from trust accounts are to be approved by the DCRC. Regarding over and understated balances, the DCRC will ask the Auditor's Office and H.J. Umbaugh to work cooperatively to ensure the balances are correct.

**View of Responsible Official:**

I believe that efforts have been made to correct each problem found by the SBoA.

Anticipated completion date is year end 2017

BOARD OF COUNTY COMMISSIONERS  
DELAWARE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 20, 2017, with Ron Quakenbush, President of the County Council, and Sherry Riffin, County Commissioner.

(This page intentionally left blank.)

CLERK OF THE CIRCUIT COURT  
DELAWARE COUNTY

CLERK OF THE CIRCUIT COURT  
DELAWARE COUNTY  
FEDERAL FINDING

**FINDING 2014-002 - FINANCIAL TRANSACTIONS AND REPORTING**

*Condition*

The County had deficiencies in their internal control system related to financial transactions and reporting in the following areas:

1. Preparation of the Financial Statement: The County failed to design effective controls over the preparation of the financial statement in order to prevent, or detect and correct, material misstatements, including notes to the financial statement. The County submitted financial information into the Indiana Gateway for Government Units, which is a financial reporting system and the source of the Annual Financial Report (AFR). The AFR was used to compile the County's financial statement. There was no control in place, such as an oversight, review, or approval process, to ensure the accuracy of the financial information prior to the submission.
2. Monitoring of Controls: The County had no process in place to monitor the effectiveness of controls over time.
3. Information and Communication: The County did not have proper procedures in place to ensure that proper communications were made to ensure proper reporting on the financial statement.
4. Payroll: There were no controls in place to ensure that the payroll of department heads was correct and accurate. The time records of department heads were not verified or reviewed for accuracy before their payroll was calculated and the department heads were paid.
5. Clerk of the Circuit Court Records: No effective controls were in place to ensure that the receipts, disbursements, and balances presented to the County Auditor for inclusion in the AFR were accurate.
6. County Sheriff Receipts: There was no segregation of duties over the collection of cash, posting of the cashbook, or depositing.
7. County Redevelopment Commission: There were no controls established over trust accounts held by the County Redevelopment Commission. There were 27 trust accounts held for redevelopment accounts. Some of these trust accounts statements were received by the County Redevelopment Commission, some were received by the County Auditor, and some were sent to the company receiving the bond revenues. There was no comprehensive review of these accounts performed; therefore, they were not properly monitored.

The financial statement contained the following errors:

- Three funds that were included in the County Auditor's Fund Ledger were also reported by the County Redevelopment Commission and caused the cash balance to be overstated by \$1,419,404.
- Two bond trust funds held by the County Redevelopment Commission did not report the receipts or bond payments, which caused both receipts and disbursements to be understated by \$197,270.

CLERK OF THE CIRCUIT COURT  
DELAWARE COUNTY  
FEDERAL FINDING  
(Continued)

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. . . ."

"Relevant information from both internal and external sources is necessary to support the functioning of the other components of internal control. Communication is the continual process of providing, sharing, and obtaining necessary information. Internal communication enables personnel to receive a clear message that control responsibilities are taken seriously by the organization. External communication enables relevant outside information to be internalized and internal information to be clearly communicated to external parties. . . .

Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators."

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."

*Cause*

Management of the County had not established a proper system of internal control. An evaluation of the County's system of internal control had not been conducted.

CLERK OF THE CIRCUIT COURT  
DELAWARE COUNTY  
FEDERAL FINDING  
(Continued)

*Effect*

The failure to establish controls enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the County at risk that controls may have not been either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, material misstatements in a timely manner.

*Views of Responsible Officials*

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



# **Steven G. Craycraft**

## *Delaware County Auditor*

June 21, 2017

### **CORRECTIVE ACTION PLAN**

FINDING: 2014-002

CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:

<b>AUDITOR STEVEN G. CRAYCRAFT</b>	<b>765-747-7717</b>
<b>CLERK MIKE KING</b>	<b>765-747-7726</b>
<b>SHERIFF RAY DUDLEY</b>	<b>765-747-7885</b>
<b>COUNTY REDEVELOPMENT BRAD BOOKOUT</b>	<b>765-808-1484</b>

### **DESCRIPTION OF CORRECTIVE ACTION PLAN**

#### **County Auditor:**

The current County Auditor implemented procedures, including purchasing a new payroll/finance system. The current Auditor and Chief Deputy Auditor review financial records, including claims, budgets and other financial items. The current Auditor also encourages employees of the Auditors office and Treasurers office to check balances weekly.

The County Commissioners, with input from the County Auditor adopted a new internal control policy for Delaware County. The new internal control policy was implemented by the County Auditor.

Financial statements are reviewed for accuracy and to make sure reporting is correct and proper. Balances of accounts, including receipts and payments are checked between the County Treasurer and the County Auditor's office weekly.

The County Auditor and/or Chief Deputy Auditor reviews the reporting of time sheet records for Delaware County Department Heads to make sure reporting of time is correct and accurate

#### **County Clerk:**

The current County Clerk now requires that all financial reports are reviewed by the County Clerk and one bookkeeper prior to submission to the County Auditor. The County Clerk has implemented an Excel spreadsheet version of the annual report that is submitted to the County Auditor. This was completed with assistance from the SBoA.

100 W. Main Street Room 103 Muncie, IN 47305  
Office: 765-747-7717 Fax: 765-741-3422  
E-mail: [scraycraft@co.delaware.in.us](mailto:scraycraft@co.delaware.in.us)

**County Sheriff:**

The County Sheriff hired an additional person and duties have been separated.

**County Redevelopment Director:**

The grant that a finding was made on (2013-003), ended in 2014.

The DCRC has requested all account statements to be sent to the Delaware County Auditor's Office. Concerning monitoring, the DCRC will continue to contract with H.J. Umbaugh to audit the accounts annually and all expenditures paid for from trust accounts are to be approved by the DCRC. Regarding over and understated balances, the DCRC will ask the Auditor's Office and H.J. Umbaugh to work cooperatively to ensure the balances are correct.

**View of Responsible Official:**

I believe that efforts have been made to correct each problem found by the SBoA.

Anticipated completion date is year end 2017

CLERK OF THE CIRCUIT COURT  
DELAWARE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 20, 2017, with Mike King, Clerk of the Circuit Court; Ron Quakenbush, President of the County Council; and Sherry Riggan, County Commissioner.

(This page intentionally left blank.)

COUNTY SHERIFF  
DELAWARE COUNTY

COUNTY SHERIFF  
DELAWARE COUNTY  
FEDERAL FINDING

**FINDING 2014-002 - FINANCIAL TRANSACTIONS AND REPORTING**

*Condition*

The County had deficiencies in their internal control system related to financial transactions and reporting in the following areas:

2. Preparation of the Financial Statement: The County failed to design effective controls over the preparation of the financial statement in order to prevent, or detect and correct, material misstatements, including notes to the financial statement. The County submitted financial information into the Indiana Gateway for Government Units, which is a financial reporting system and the source of the Annual Financial Report (AFR). The AFR was used to compile the County's financial statement. There was no control in place, such as an oversight, review, or approval process, to ensure the accuracy of the financial information prior to the submission.
2. Monitoring of Controls: The County had no process in place to monitor the effectiveness of controls over time.
3. Information and Communication: The County did not have proper procedures in place to ensure that proper communications were made to ensure proper reporting on the financial statement.
4. Payroll: There were no controls in place to ensure that the payroll of department heads was correct and accurate. The time records of department heads were not verified or reviewed for accuracy before their payroll was calculated and the department heads were paid.
5. Clerk of the Circuit Court Records: No effective controls were in place to ensure that the receipts, disbursements, and balances presented to the County Auditor for inclusion in the AFR were accurate.
6. County Sheriff Receipts: There was no segregation of duties over the collection of cash, posting of the cashbook, or depositing.
7. County Redevelopment Commission: There were no controls established over trust accounts held by the County Redevelopment Commission. There were 27 trust accounts held for redevelopment accounts. Some of these trust accounts statements were received by the County Redevelopment Commission, some were received by the County Auditor, and some were sent to the company receiving the bond revenues. There was no comprehensive review of these accounts performed; therefore, they were not properly monitored.

The financial statement contained the following errors:

- Three funds that were included in the County Auditor's Fund Ledger were also reported by the County Redevelopment Commission and caused the cash balance to be overstated by \$1,419,404.
- Two bond trust funds held by the County Redevelopment Commission did not report the receipts or bond payments, which caused both receipts and disbursements to be understated by \$197,270.

COUNTY SHERIFF  
DELAWARE COUNTY  
FEDERAL FINDING  
(Continued)

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. . . ."

"Relevant information from both internal and external sources is necessary to support the functioning of the other components of internal control. Communication is the continual process of providing, sharing, and obtaining necessary information. Internal communication enables personnel to receive a clear message that control responsibilities are taken seriously by the organization. External communication enables relevant outside information to be internalized and internal information to be clearly communicated to external parties. . . .

Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators."

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."

*Cause*

Management of the County had not established a proper system of internal control. An evaluation of the County's system of internal control had not been conducted.

COUNTY SHERIFF  
DELAWARE COUNTY  
FEDERAL FINDING  
(Continued)

*Effect*

The failure to establish controls enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the County at risk that controls may have not been either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, material misstatements in a timely manner.

*Views of Responsible Officials*

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



# ***Steven G. Craycraft***

## ***Delaware County Auditor***

June 21, 2017

### **CORRECTIVE ACTION PLAN**

FINDING: 2014-002

CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:

<b>AUDITOR STEVEN G. CRAYCRAFT</b>	<b>765-747-7717</b>
<b>CLERK MIKE KING</b>	<b>765-747-7726</b>
<b>SHERIFF RAY DUDLEY</b>	<b>765-747-7885</b>
<b>COUNTY REDEVELOPMENT BRAD BOOKOUT</b>	<b>765-808-1484</b>

### **DESCRIPTION OF CORRECTIVE ACTION PLAN**

#### **County Auditor:**

The current County Auditor implemented procedures, including purchasing a new payroll/finance system. The current Auditor and Chief Deputy Auditor review financial records, including claims, budgets and other financial items. The current Auditor also encourages employees of the Auditors office and Treasurers office to check balances weekly.

The County Commissioners, with input from the County Auditor adopted a new internal control policy for Delaware County. The new internal control policy was implemented by the County Auditor.

Financial statements are reviewed for accuracy and to make sure reporting is correct and proper. Balances of accounts, including receipts and payments are checked between the County Treasurer and the County Auditor's office weekly.

The County Auditor and/or Chief Deputy Auditor reviews the reporting of time sheet records for Delaware County Department Heads to make sure reporting of time is correct and accurate

#### **County Clerk:**

The current County Clerk now requires that all financial reports are reviewed by the County Clerk and one bookkeeper prior to submission to the County Auditor. The County Clerk has implemented an Excel spreadsheet version of the annual report that is submitted to the County Auditor. This was completed with assistance from the SBoA.

100 W. Main Street Room 103 Muncie, IN 47305  
Office: 765-747-7717 Fax: 765-741-3422  
E-mail: [scraycraft@co.delaware.in.us](mailto:scraycraft@co.delaware.in.us)

**County Sheriff:**

The County Sheriff hired an additional person and duties have been separated.

**County Redevelopment Director:**

The grant that a finding was made on (2013-003), ended in 2014.

The DCRC has requested all account statements to be sent to the Delaware County Auditor's Office. Concerning monitoring, the DCRC will continue to contract with H.J. Umbaugh to audit the accounts annually and all expenditures paid for from trust accounts are to be approved by the DCRC. Regarding over and understated balances, the DCRC will ask the Auditor's Office and H.J. Umbaugh to work cooperatively to ensure the balances are correct.

**View of Responsible Official:**

I believe that efforts have been made to correct each problem found by the SBoA.

Anticipated completion date is year end 2017

COUNTY SHERIFF  
DELAWARE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 20, 2017, with Maggie Cox, County Sheriff Chief Financial Officer; Ron Quakenbush, President of the County Council; and Sherry Riggan, County Commissioner.

(This page intentionally left blank.)

COUNTY REDEVELOPMENT COMMISSION  
DELAWARE COUNTY

COUNTY REDEVELOPMENT COMMISSION  
DELAWARE COUNTY  
FEDERAL FINDINGS

**FINDING 2014-002 - FINANCIAL TRANSACTIONS AND REPORTING**

*Condition*

The County had deficiencies in their internal control system related to financial transactions and reporting in the following areas:

3. Preparation of the Financial Statement: The County failed to design effective controls over the preparation of the financial statement in order to prevent, or detect and correct, material misstatements, including notes to the financial statement. The County submitted financial information into the Indiana Gateway for Government Units, which is a financial reporting system and the source of the Annual Financial Report (AFR). The AFR was used to compile the County's financial statement. There was no control in place, such as an oversight, review, or approval process, to ensure the accuracy of the financial information prior to the submission.
2. Monitoring of Controls: The County had no process in place to monitor the effectiveness of controls over time.
3. Information and Communication: The County did not have proper procedures in place to ensure that proper communications were made to ensure proper reporting on the financial statement.
4. Payroll: There were no controls in place to ensure that the payroll of department heads was correct and accurate. The time records of department heads were not verified or reviewed for accuracy before their payroll was calculated and the department heads were paid.
5. Clerk of the Circuit Court Records: No effective controls were in place to ensure that the receipts, disbursements, and balances presented to the County Auditor for inclusion in the AFR were accurate.
6. County Sheriff Receipts: There was no segregation of duties over the collection of cash, posting of the cashbook, or depositing.
7. County Redevelopment Commission: There were no controls established over trust accounts held by the County Redevelopment Commission. There were 27 trust accounts held for redevelopment accounts. Some of these trust accounts statements were received by the County Redevelopment Commission, some were received by the County Auditor, and some were sent to the company receiving the bond revenues. There was no comprehensive review of these accounts performed; therefore, they were not properly monitored.

The financial statement contained the following errors:

- Three funds that were included in the County Auditor's Fund Ledger were also reported by the County Redevelopment Commission and caused the cash balance to be overstated by \$1,419,404.
- Two bond trust funds held by the County Redevelopment Commission did not report the receipts or bond payments, which caused both receipts and disbursements to be understated by \$197,270.

COUNTY REDEVELOPMENT COMMISSION  
DELAWARE COUNTY  
FEDERAL FINDING  
(Continued)

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. . . ."

"Relevant information from both internal and external sources is necessary to support the functioning of the other components of internal control. Communication is the continual process of providing, sharing, and obtaining necessary information. Internal communication enables personnel to receive a clear message that control responsibilities are taken seriously by the organization. External communication enables relevant outside information to be internalized and internal information to be clearly communicated to external parties. . . .

Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators."

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."

*Cause*

Management of the County had not established a proper system of internal control. An evaluation of the County's system of internal control had not been conducted.

COUNTY REDEVELOPMENT COMMISSION  
DELAWARE COUNTY  
FEDERAL FINDING  
(Continued)

*Effect*

The failure to establish controls enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the County at risk that controls may have not been either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, material misstatements in a timely manner.

*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 - REPORTING AND DAVIS-BACON ACT**

Federal Agency: Department of Commerce

Federal Program: Economic Adjustment Assistance

CFDA Number: 11.307

Federal Award Number and Year (or Other Identifying Number): 06-79-05416

*Condition*

An effective internal control system, which would include segregation of duties, was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Reporting and Davis-Bacon Act compliance requirements.

*Reporting*

The Grant Administrator was solely responsible for preparing the Federal Financial Report (SF-425/425A). There was no process in place to verify the information reported on the Federal Financial Report (SF-425/425A) was accurate.

*Davis-Bacon Act*

A private company was contracted by the County to monitor the Davis-Bacon Act compliance. However, there was no oversight by the County to verify that the private company properly monitored the Davis-Bacon Act compliance.

*Context*

The lack of controls was a systemic problem during the period audited and affected both of the grant requirements listed above.

*Criteria*

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

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

COUNTY REDEVELOPMENT COMMISSION  
DELAWARE COUNTY  
FEDERAL FINDINGS  
(Continued)

*Cause*

Management had not developed a system of internal controls to ensure compliance with the Reporting and the Davis-Bacon Act compliance requirements.

*Effect*

The failure to establish an effective internal control system placed the County at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the County's management establish controls, including segregation of duties, related to the grant agreement and the Reporting and the Davis-Bacon Act compliance requirements.

*Views of Responsible Officials*

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

***FINDING 2014-004 - EQUIPMENT AND REAL PROPERTY MANAGEMENT***

Federal Agency: Department of Commerce

Federal Program: Economic Adjustment Assistance

CFDA Number: 11.307

Federal Award Number and Year (or Other Identifying Number): 06-79-05416

*Condition*

Management of the County had not established an effective internal control system, which would include segregation of duties, related to its grant agreement and the Equipment and Real Property Management compliance requirement. There were no controls to ensure that the County maintained property records in compliance with the equipment requirements of the Equipment and Real Property Management compliance requirement.

The County failed to comply with the equipment requirements. They did not maintain a record of equipment purchased with grant funds.

*Context*

The lack of controls and noncompliance were a systemic problem during the period audited.

COUNTY REDEVELOPMENT COMMISSION  
DELAWARE COUNTY  
FEDERAL FINDINGS  
(Continued)

*Criteria*

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

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

15 CFR 24.32(d) states in part:

"*Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. . . ."

*Cause*

Management had not developed an effective system of internal controls to ensure that all requirements related to managing equipment purchased through the grant were met.

*Effect*

The failure to establish an effective internal control system resulted in the County's noncompliance with the grant agreement and the equipment requirements.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the County's management establish controls related to the grant agreement and requirements related to equipment purchased to ensure compliance with those requirements.

*Views of Responsible Officials*

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



# ***Steven G. Craycraft***

## ***Delaware County Auditor***

June 21, 2017

### **CORRECTIVE ACTION PLAN**

FINDING: 2014-002

CONTACT PERSON RESPONSIBLE FOR CORRECTIVE ACTION:

<b>AUDITOR STEVEN G. CRAYCRAFT</b>	<b>765-747-7717</b>
<b>CLERK MIKE KING</b>	<b>765-747-7726</b>
<b>SHERIFF RAY DUDLEY</b>	<b>765-747-7885</b>
<b>COUNTY REDEVELOPMENT BRAD BOOKOUT</b>	<b>765-808-1484</b>

### **DESCRIPTION OF CORRECTIVE ACTION PLAN**

#### **County Auditor:**

The current County Auditor implemented procedures, including purchasing a new payroll/finance system. The current Auditor and Chief Deputy Auditor review financial records, including claims, budgets and other financial items. The current Auditor also encourages employees of the Auditors office and Treasurers office to check balances weekly.

The County Commissioners, with input from the County Auditor adopted a new internal control policy for Delaware County. The new internal control policy was implemented by the County Auditor.

Financial statements are reviewed for accuracy and to make sure reporting is correct and proper. Balances of accounts, including receipts and payments are checked between the County Treasurer and the County Auditor's office weekly.

The County Auditor and/or Chief Deputy Auditor reviews the reporting of time sheet records for Delaware County Department Heads to make sure reporting of time is correct and accurate

#### **County Clerk:**

The current County Clerk now requires that all financial reports are reviewed by the County Clerk and one bookkeeper prior to submission to the County Auditor. The County Clerk has implemented an Excel spreadsheet version of the annual report that is submitted to the County Auditor. This was completed with assistance from the SBoA.

100 W. Main Street Room 103 Muncie, IN 47305  
Office: 765-747-7717 Fax: 765-741-3422  
E-mail: [scraycraft@co.delaware.in.us](mailto:scraycraft@co.delaware.in.us)

**County Sheriff:**

The County Sheriff hired an additional person and duties have been separated.

**County Redevelopment Director:**

The grant that a finding was made on (2013-003), ended in 2014.

The DCRC has requested all account statements to be sent to the Delaware County Auditor's Office. Concerning monitoring, the DCRC will continue to contract with H.J. Umbaugh to audit the accounts annually and all expenditures paid for from trust accounts are to be approved by the DCRC. Regarding over and understated balances, the DCRC will ask the Auditor's Office and H.J. Umbaugh to work cooperatively to ensure the balances are correct.

**View of Responsible Official:**

I believe that efforts have been made to correct each problem found by the SBoA.

Anticipated completion date is year end 2017



## Delaware County Redevelopment Commission

1208 W. White River Blvd. Suite #128

Muncie, IN 47303

765-808-1484

bbookout@ecirpd.org

### Corrective Action Plan

**Finding 2014-003:**

**Contact Person:** Brad Bookout, Director DCRC

**Phone:** 765-808-1484

**Description of corrective Action Plan:**

On future grants, the DCRC will recommend that the Commissioners appoint an appropriate individual on staff who is familiar with Davis-Bacon Wage Act requirements to be assigned to oversee and monitor the reporting. Furthermore, the DCRC will recommend that the Commissioners sign off on any Federal Financial Reports that are submitted by the County.

**Views of Responsible Official:**

We were unaware that County oversight beyond the required federal grant reporting would be required.

**Anticipated Completion Date:**

The last federal County grant ended in 2014. The recommendation is taken under advisement.

Sincerely yours,

A handwritten signature in black ink that reads "B. Bookout".

Brad Bookout



## Delaware County Redevelopment Commission

1208 W. White River Blvd. Suite #128

Muncie, IN 47303

765-808-1484

bbookout@ecirpd.org

### Corrective Action Plan

**Finding 2014-004:**

**Contact Person:** Brad Bookout, Director DCRC

**Phone:** 765-808-1484

**Description of corrective Action Plan:**

The DCRC will recommend that the County specifically segregate duties related to any future grant agreements with the appropriate County affiliates.

**Views of Responsible Official:**

We were unaware that County oversight beyond the required federal grant reporting would be required.

**Anticipated Completion Date:**

The last federal County grant ended in 2014. The recommendation is taken under advisement.

Sincerely yours,

A handwritten signature in black ink that reads "B. Bookout".

Brad Bookout

COUNTY REDEVELOPMENT COMMISSION  
DELAWARE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 20, 2017, with Brad Bookout, Director of the Redevelopment Commission; Ron Quakenbush, President of the County Council; and Sherry Riggan, County Commissioner.