

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WAYNE COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
09/08/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Karen L. Stevens Robert K. Coddington Kimberly A. Walton	01-01-11 to 12-31-14 01-01-15 to 06-04-17 06-05-17 to 12-31-18
County Treasurer	Cathy Williams	01-01-13 to 12-31-20
Clerk of the Circuit Court	Debra Berry	01-01-14 to 12-31-20
County Sheriff	Jeff Cappa	01-01-11 to 12-31-18
County Recorder	Debra S. Tiemann	01-01-11 to 12-31-18
President of the Board of County Commissioners	Dennis A. Burns Kenneth E. Paust	01-01-14 to 12-31-14 01-01-15 to 12-31-17
President of the County Council	Jeffrey C. Plasterer Peter Zaleski	01-01-14 to 12-31-14 01-01-15 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF WAYNE COUNTY, INDIANA

This report is supplemental to our audit report of Wayne 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 that pertain to the County. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the County, which provides our opinions on the County's financial statement and federal program compliance. This report may be found at www.in.gov/sboa.

The Federal Findings, identified in the above referenced audit report, are included in this report.

Any Corrective Action Plan for the Federal Findings, incorporated within this report, was not verified for accuracy.

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

July 19, 2017

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COUNTY AUDITOR
WAYNE COUNTY

COUNTY AUDITOR
WAYNE COUNTY
FEDERAL FINDING

**FINDING 2014-001 - PREPARATION OF THE SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS**

Condition

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

The SEFA presented for audit contained the following errors: grants that were not federal awards were included, grants that were federal awards were excluded, and grant amounts reported were incorrect based on supporting documentation presented for audit. Audit adjustments were proposed, accepted by the County, and made to the SEFA.

Criteria

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

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

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

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

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § _____.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
WAYNE COUNTY
FEDERAL FINDING
(Continued)

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

Cause

Management had not established a system of internal controls that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition*.

Views of Responsible Officials

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



Kimberly A. Walton, Auditor
Jennie K. Bailey, Chief Deputy Auditor
Wayne County Administration Building
<http://www.co.wayne.in.us/>

Phone 765-973-9317
Fax 765-973-9339

CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action: Kimberly A. Walton
Contact Phone Number: 765-973-9317

Views of Responsible Official:

The Wayne County Auditor concurs there was not proper Internal Controls in place to ensure SEFA information was accurate and complete. The SEFA was prepared without accurate understanding of what needed to be reported.

Description of Corrective Action Plan:

The Auditor's office has worked with the State Board of Accounts to better understand the requirements for SEFA. In conjunction with State Board of Accounts, the Auditor's office will correct the 2014, 2015 and 2016 SEFA to be prepared to input into Gateway for the 2017 SEFA. The Auditor's office has also created a reconciliation process for all grants to have better readily available information. On December 1, we will audit all grants each year and insure they are uploaded to Gateway

Anticipated Completion Date: February 28, 2018

Kimberly Walton
(Signature)

Auditor
(Title)

7/17/17
(Date)

COUNTY AUDITOR
WAYNE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 19, 2017, with Karen L. Stevens, former County Auditor; Kimberly A. Walton, County Auditor; Kenneth E. Paust, President of the Board of County Commissioners; Jeffrey C. Plasterer, County Council member; Gerald E. Saunders, County Council member; and Nancy Funk, Deputy County Treasurer.

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COUNTY PROSECUTING ATTORNEY
WAYNE COUNTY

COUNTY PROSECUTING ATTORNEY
WAYNE COUNTY
FEDERAL FINDING

FINDING 2014-002 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or Other Identifying Number): FY2014
Pass-Through Entity: Indiana Department of Child Services

Condition

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

The County did not comply with the Allowable Costs/Cost Principles requirement to maintain certifications to support salaries and wages charged to the federal program. There were no certifications maintained by the Child Support Division of the Prosecutor's Office or the IV-D Court.

Context

The lack of controls and the noncompliance were systemic problems throughout the audit period. No certifications to support salaries and wages were maintained by the Child Support Division of the Prosecutor's Office or the IV-D Court.

Criteria

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

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

COUNTY PROSECUTING ATTORNEY
WAYNE COUNTY
FEDERAL FINDING
(Continued)

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

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County's management establish controls, including segregation of duties, related to the grant agreement and Allowable Costs/Cost Principle compliance requirement. We also recommended that the County comply with Allowable Costs/Cost Principle compliance requirement.

View of Responsible Officials

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

Office of the Prosecuting Attorney

17th Indiana Judicial Circuit



WAYNE COUNTY, INDIANA

MICHAEL W. SHIPMAN

Prosecuting Attorney

STACI A. LANE

Deputy Prosecuting Attorney
CHILD SUPPORT DIVISION

COURTHOUSE
RICHMOND, INDIANA 47374
PHONE (765) 973-9285
FAX (765) 973-9477

CORRECTIVE ACTION PLAN

FINDING 2014-002


Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or Other Identifying Number): FY2014
Pass-Through Entity: Indiana Department of Child Services
Contact Person: Staci A. Lane
Contact Person Phone#: (765) 973-9448

Corrective Action:

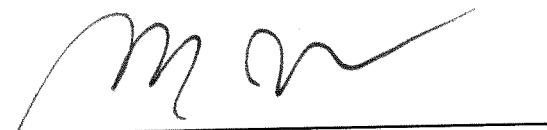
The IV-D Child Support Division already has implemented an internal controls system to ensure compliance with Allowable Costs/Cost Principles by maintaining certifications to support salaries and wages charged to the federal program.

Anticipated Completion Date:

Corrective action already was put into place for the IV-D Child Support Division for 2015, 2016, and 2017.



Staci A. Lane, Deputy Prosecuting Attorney



Michael W. Shipman, Prosecuting Attorney

COUNTY PROSECUTING ATTORNEY
WAYNE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 19, 2017, with Karen L. Stevens, former County Auditor; Kimberly A. Walton, County Auditor; Kenneth E. Paust, President of the Board of County Commissioners; Jeffrey C. Plasterer, County Council member; Gerald E. Saunders, County Council member; and Nancy Funk, Deputy County Treasurer.

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COUNTY IV-D COURT
WAYNE COUNTY

COUNTY IV-D COURT
WAYNE COUNTY
FEDERAL FINDING

FINDING 2014-002 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or Other Identifying Number): FY2014
Pass-Through Entity: Indiana Department of Child Services

Condition

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

The County did not comply with the Allowable Costs/Cost Principles requirement to maintain certifications to support salaries and wages charged to the federal program. There were no certifications maintained by the Child Support Division of the Prosecutor's Office or the IV-D Court.

Context

The lack of controls and the noncompliance were systemic problems throughout the audit period. No certifications to support salaries and wages were maintained by the Child Support Division of the Prosecutor's Office or the IV-D Court.

Criteria

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

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

COUNTY IV-D COURT
WAYNE COUNTY
FEDERAL FINDING
(Continued)

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

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County's management establish controls, including segregation of duties, related to the grant agreement and Allowable Costs/Cost Principle compliance requirement. We also recommended that the County comply with Allowable Costs/Cost Principle compliance requirement.

View of Responsible Officials

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

IV-D COURT
301 East Main Street
Richmond, IN 47374
(765) 973-9273

CORRECTIVE ACTION PLAN

FINDING 2014-002

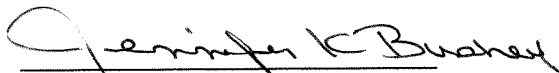
Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or Other Identifying Number) FY2014
Pass-Through Entity: Indiana Department of Child Services
Contact Person: Jennifer K. Bushey
Contact Person Phone#: (765) 973-9273

Corrective Action:


The IV-D Court already has implemented an internal controls system to ensure compliance with Allowable Cost/Cost Principles by maintaining certifications to support salaries and wages charged to the federal program.

Anticipated Completion Date:

Corrective action will be put into place for calendar year 2017 and thereafter.



Jennifer K. Bushey
IV-D Court Reporter



Gregory A. Horn
Judge, Wayne Superior Court 2

COUNTY IV-D COURT
WAYNE COUNTY
EXIT CONFERENCE

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