

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BARTHOLOMEW COUNTY, INDIANA

January 1, 2015 to December 31, 2015



**FILED**  
09/27/2017

*Reissued on December 11, 2017, to  
correct the County Auditor section  
of the reports.*



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Barbara J. Hackman	01-01-15 to 12-31-18
County Treasurer	Pia M. O'Connor	01-01-15 to 12-31-18
Clerk of the Circuit Court	Jay Phelps	01-01-15 to 12-31-18
County Sheriff	Matt Myers	01-01-15 to 12-31-18
County Recorder	Anita L. Hole	01-01-15 to 12-31-18
President of the Board of County Commissioners	Larry Kleinhenz Rick Flohr Carl H. Lienhoop	01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17
President of the County Council	Evelyn Strietelmeier Pence Bill Lentz Laura DeDomenic	01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of Bartholomew County (County), for the period from January 1, 2015 to December 31, 2015. 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 Results and Comments as described below.

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

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

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

September 12, 2017

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COUNTY AUDITOR  
BARTHOLOMEW COUNTY

COUNTY AUDITOR  
BARTHOLOMEW COUNTY  
FEDERAL FINDINGS

***FINDING 2015-001***

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness; Other Matters

*Repeat Finding*

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-001.

*Condition*

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

*Context*

The SEFA contained the following errors:

1. The federal expenditures for five programs were overstated.
2. The federal expenditures for five programs were understated.
3. Two state grants were incorrectly reported as federal grants.
4. All of the federal programs were incorrectly listed as pass-through to subrecipients.
5. Thirteen grants listed the wrong pass-through entity identifying number.
6. One federal program listed the incorrect federal CFDA number.

Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in this report.

*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. . . .

COUNTY AUDITOR  
BARTHOLOMEW COUNTY  
FEDERAL FINDINGS  
(Continued)

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:

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

*Cause*

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

*Effect*

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

COUNTY AUDITOR  
BARTHOLOMEW COUNTY  
FEDERAL FINDINGS  
(Continued)

*Recommendation*

We recommended that the County's management establish controls to prevent, or detect and correct, errors on the SEFA.

*Views of Responsible Officials*

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

**FINDING 2015-003**

Subject: Internal Controls over Financial Transactions and Reporting  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-003.

*Condition*

The following deficiencies in the internal control system related to the financial transactions and reporting of the County were noted:

*Annual Financial Report*

The financial information recorded in the County's Annual Financial Report was not properly reviewed and verified to prevent, or detect and correct, errors on the financial statements.

*Payroll Transactions*

The following deficiencies related to payroll were noted:

1. Lack of Segregation of Duties: One employee was responsible for calculating and remitting all employee and employer benefit payments. This employee also prepared and remitted the quarterly and annual tax withholding reports. No documentation was presented indicating a review by another employee or other compensating control.
2. Payroll claims were not certified by the County Auditor.
3. The vendor claims for employee benefits (PERF Retirement and Employee Health Benefit health insurance), were not certified by the County Auditor or approved by the Board of County Commissioners.

COUNTY AUDITOR  
BARTHOLOMEW COUNTY  
FEDERAL FINDINGS  
(Continued)

*Self-Insurance Fund Transactions*

The County contracted with a third-party administrator (TPA) to administer the County's self-insured health insurance fund (Dunn & Associates Insurance fund). One employee of the County Auditor's office was responsible for preparing the journal entries and making the transfers from the various paying funds to the self-insurance funds held by the TPA. The County Auditor did not certify these disbursements, nor were they presented to the Board of County Commissioners for approval.

The TPA provided the County with monthly reports, ledger, and other information, but did not provide a detailed check register to support the disbursement amounts from the self-insurance funds. There was no evidence of a control, such as an oversight, review, or approval process of the various reports.

*Context*

*Annual Report*

1. Receipts and disbursements of the payroll deductions and net pay funds were not recorded. As a result, the receipt and disbursement transactions reported in both the County's ledger and financial statement were understated by \$16,154,657.
2. Receipts and disbursements of the County's Dunn & Associates Insurance fund were overstated by \$284,041 and \$356,586, respectively.
3. Beginning cash balance, receipts, and disbursements of the Clerk of the Circuit Court in the amounts of \$9,853, \$1,422,000, and \$1,431,853, respectively, were understated in the financial statement.
4. The County Treasurer failed to prepare and submit to the County Auditor a supplemental Annual Financial Report (AFR) showing receipt of the after settlement collections as reflected on the County Treasurer's Cash Book at December 31, 2014 and 2015. The January 1, 2015 beginning balance in the financial statement was actually the balance from December 31, 2013. The County Auditor showed this balance as disbursed during 2015; with \$0 as the December 31, 2015 balance. As a result, the receipts, disbursements, and ending cash and investment balance of the County Treasurer fund were understated by \$2,189,448, \$260,870, and \$2,189,448, respectively.
5. The County Auditor erroneously included the receipts and disbursements of the County Sheriff's Cash Book in the amounts of \$3,167,520 and \$3,133,013, respectively, in the financial statement.

Audit adjustments were proposed, approved by the County Auditor, and made to the County's financial statement.

*Payroll Transactions*

There was a lack of internal controls for the entire audit period.

*Self-Insurance Fund Transactions*

There was a lack of internal controls for the entire audit period.

COUNTY AUDITOR  
BARTHOLOMEW COUNTY  
FEDERAL FINDINGS  
(Continued)

*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 5-11-11-4(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 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."

Indiana Code 5-11-10-1.6(c) states in part:

"The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

*Cause*

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

COUNTY AUDITOR  
BARTHOLOMEW COUNTY  
FEDERAL FINDINGS  
(Continued)

*Effect*

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

*Recommendation*

We recommended the County's management establish and implement effective internal controls, including segregation of duties, over financial transactions and reporting.

***FINDING 2015-004***

Subject: Internal Control over Child Support Enforcement

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): 1504INCSES

Pass-Through Entity: Indiana Department of Child Services

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles,  
Cash Management, Period of Performance, Reporting

Audit Finding: Material Weakness

*Repeat Finding*

This is not a repeat finding from the immediate prior year.

*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 Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Performance, and Reporting compliance requirements.

*Context*

*Clerk of the Circuit Court and County Prosecutor*

A consultant prepared the Monthly Expense Claims (MEC) and the Quarterly Incentive Expenditure (QIE) reports. The Clerk of the Circuit Court and the County Prosecutor had not established effective controls to ensure that the MECs were for allowable activities and costs, paid prior to requesting reimbursement, incurred within the period of performance, and that amounts reported were accurate.

*IV-D Court*

The IV-D Court employee prepared the MECs; however, the IV-D Court had not established effective controls to ensure that the MECs were for allowable activities and costs, paid prior to requesting reimbursement, incurred within the period of performance, and that amounts reported were accurate.

COUNTY AUDITOR  
BARTHOLOMEW COUNTY  
FEDERAL FINDINGS  
(Continued)

*County Auditor*

A consultant prepared the Cost Allocation Plan for indirect costs charged to the program for the County. The County had not established effective controls to ensure that the Cost Allocation Plan was properly prepared and included accurate information.

A County Auditor employee prepared the Quarterly Incentive Balance reports; however, there was no documented review prior to submission.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

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

*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 an effective internal control system could have allowed noncompliance with the compliance requirements and could have 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 and implement controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

*Views of Responsible Officials*

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



CORRECTIVE ACTION PLAN

**FINDING 2015-001**

**FINDING 2015-003**

Contact Person Responsible for Corrective Action: Barbara J Hackman  
Contact Phone Number: 812-379-1510

Views of Responsible Official:

I agreed with the findings but want to acknowledge that the SBOA did not provide their minimum level of internal control standards and guidance manual until late in 2015. I don't feel that you can expect a unit to meet the criteria on your findings when they were not in place in the year being audited.

Description of Corrective Action Plan:

We are in the process of implementing proper Internal Controls set by the SBOA in their 2015 guidance manual, Uniform Internal Control Standards for Indiana Political Subdivisions, which our County Commissioners have adopted in 2016 as required.

The required training of personnel concerning internal control standards and procedures has been implemented and certifications are available in my office for review.

We will continue to meet the required aspects of the Internal Control Standards and will put into place a proper system that will be helpful in creating efficiencies so that any errors are detected and corrective measures are made as needed.

Proper certification for reporting of payroll claims, vendor claims for employee benefits and the self-insurance fund by the Auditor and County Commissioners has been implemented.

Anticipated Completion Date: Completed

Barbara J Hackman  
(Signature)

Auditor  
(Title)

August 3, 2017  
(Date)



CORRECTIVE ACTION PLAN

**FINDING 2015-004**

Contact Person Responsible for Corrective Action: Barbara Hackman  
Contact Phone Number: 812-379-1510

Views of Responsible Official:

I agree with the findings.


Description of Corrective Action Plan:

We are in the process of implementing proper Internal Controls set by the SBOA in their 2015 guidance manual, Uniform Internal Control Standards for Indiana Political Subdivisions, which our County Commissioners have adopted in 2016 as required.

The required training of personnel concerning internal control standards and procedures has been implemented and certifications are available in my office for review.

We will continue to meet the required aspects of the Internal Control Standards and will put into place a proper system that will be helpful in creating efficiencies so that any errors are detected and corrective measures are made as needed.

Anticipated Completion Date: 12/2017

  
\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Auditor  
(Title)

\_\_\_\_\_  
December 6, 2017  
(Date)

COUNTY AUDITOR  
BARTHOLOMEW COUNTY  
AUDIT RESULT AND COMMENT

***COUNTY PRESCRIBED CHART OF ACCOUNTS***

The County did not implement the new chart of accounts prescribed by the Indiana State Board of Accounts as required by January 1, 2013.

A similar comment was included in prior Reports B44238 and B48695.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

All counties must implement the use of the new chart of accounts by January 1, 2012. (The County Bulletin and Uniform Compliance Guidelines, January 2011)

The deadline has been extended to January 1, 2013. (The County Bulletin and Uniform Compliance Guidelines, January 2012)

COUNTY AUDITOR  
BARTHOLOMEW COUNTY  
EXIT CONFERENCE

The contents of this report was discussed on September 12, 2017, with Carl H. Lienhoop, President of the Board of County Commissioners; Barbara J. Hackman, County Auditor; Laura DeDomenic, President of the County Council; and Sandy Beatty, Chief Deputy County Auditor.

CLERK OF THE CIRCUIT COURT  
BARTHOLOMEW COUNTY

CLERK OF THE CIRCUIT COURT  
BARTHOLOMEW COUNTY  
FEDERAL FINDINGS

***FINDING 2015-002***

Subject: Internal Controls over Financial Transactions and Reporting - Clerk of the Circuit Court  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-002.

*Condition*

The Clerk of the Circuit Court had not separated incompatible activities related to receipts, disbursements, and cash balances. One individual was responsible for preparing and making bank deposits; reconciling daily cash collections; preparing ISETS bank account reconciliations; recording receipt and disbursements transactions in the ledger; recording adjustments in the ledger; and issuing checks.

*Context*

There was a lack of internal controls for the entire audit period.

*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. . . ."

*Cause*

The Clerk of the Circuit Court had not established a proper system of internal controls.

*Effect*

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

CLERK OF THE CIRCUIT COURT  
BARTHOLOMEW COUNTY  
FEDERAL FINDINGS  
(Continued)

*Recommendation*

We recommended that the Clerk of the Circuit Court establish and implement effective internal controls, including segregation of duties, over financial transactions and reporting.

*Views of Responsible Officials*

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

***FINDING 2015-004***

Subject: Internal Control over Child Support Enforcement

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): 1504INCSES

Pass-Through Entity: Indiana Department of Child Services

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles,  
Cash Management, Period of Performance, Reporting

Audit Finding: Material Weakness

*Repeat Finding*

This is not a repeat finding from the immediate prior year.

*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 Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Performance, and Reporting compliance requirements.

*Context*

*Clerk of the Circuit Court and County Prosecutor*

A consultant prepared the Monthly Expense Claims (MEC) and the Quarterly Incentive Expenditure (QIE) reports. The Clerk of the Circuit Court and the County Prosecutor had not established effective controls to ensure that the MECs were for allowable activities and costs, paid prior to requesting reimbursement, incurred within the period of performance, and that amounts reported were accurate.

*IV-D Court*

The IV-D Court employee prepared the MECs; however, the IV-D Court had not established effective controls to ensure that the MECs were for allowable activities and costs, paid prior to requesting reimbursement, incurred within the period of performance, and that amounts reported were accurate.

CLERK OF THE CIRCUIT COURT  
BARTHOLOMEW COUNTY  
FEDERAL FINDINGS  
(Continued)

*County Auditor*

A consultant prepared the Cost Allocation Plan for indirect costs charged to the program for the County. The County had not established effective controls to ensure that the Cost Allocation Plan was properly prepared and included accurate information.

A County Auditor employee prepared the Quarterly Incentive Balance reports; however, there was no documented review prior to submission.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

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

*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 an effective internal control system could have allowed noncompliance with the compliance requirements and could have 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 and implement controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

*Views of Responsible Officials*

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



JAY PHELPS  
BARTHOLOMEW CIRCUIT / SUPERIOR COURT CLERK  
234 WASHINGTON STREET  
COURTHOUSE P.O. BOX 924  
COLUMBUS, INDIANA 47201  
(812) 379-1600

CORRECTIVE ACTION PLAN

**FINDING 2015-002**

Contact Person Responsible for Corrective Action: Jay Phelps  
Contact Phone Number: 812-379-1600

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: To minimize risk among duties related to daily and monthly reconciliation, preparing deposits, and disbursing checks, etc. The Bartholomew County Clerk of the Circuit Court will begin having another employee review and initial the financial reports prepared by the Chief Deputy Clerk. The Clerk of the Circuit Court will also review and initial all ISETS financial reports prepared by the Child Support Payment Supervisor. This will establish a system of internal controls that will diminish the possibility of irregularities going undetected or unnoticed.

Anticipated Completion Date: 07/01/17

---

(Signature)

Clerk

---

(Title)

08/04/17

---

(Date)



JAY PHELPS  
BARTHOLOMEW CIRCUIT / SUPERIOR COURT CLERK  
234 WASHINGTON STREET  
COURTHOUSE P.O. BOX 924  
COLUMBUS, INDIANA 47201  
(812) 379-1600

CORRECTIVE ACTION PLAN

**FINDING 2015-004**


Contact Person Responsible for Corrective Action: Jay Phelps, Bartholomew County Clerk  
Contact Phone Number: (812) 379-1600

Views of Responsible Official: We concur with the above finding and will implement internal controls to establish a checks and balances between the Clerk's Office and Malcon, our Child Support IV-D vendor.

Description of Corrective Action Plan: The Bartholomew County Clerk's Office will implement internal controls over the Child Support IV-D funding by:

- The Clerk and Office Manager will review all supporting documentation for salaries and sign off on them once we have received them back from Malcon to ensure they have been properly allocated for.
- The Clerk and Office Manager will review all invoices used in Malcon's calculations and sign off on them to ensure that the appropriate invoices are being used for IV-D funding.
- The Clerk and Office Manager will review all Malcon quarterly incentive reports and sign off on them once we approve.

Anticipated Completion Date: The Clerk and Office Manager will review all documents pertaining to Child Support IV-D going back to 01/01/2016 forward. We will be checking the documentation for accuracy and signing off on them once we approve.

  
(Signature)

County Clerk  
(Title)

September 11, 2017  
(Date)

CLERK OF THE CIRCUIT COURT  
BARTHOLOMEW COUNTY  
AUDIT RESULT AND COMMENT

***DEPOSITS NOT MADE INTACT***

Instances were noted in which collections were not always deposited in the same form as noted on the receipt. Of the 20 days tested, there were discrepancies on 6 days between the form of collections (i.e., cash or check) noted on the receipt register and the actual bank deposit slip. The total amount deposited agreed with the total collections per the daily receipt ledger for each of these days. Sometimes the bank deposit slip showed more cash being deposited and less checks being deposited than the amount shown for each type on the daily receipt register; and other times less cash and more checks deposited.

A similar comment appeared in the prior Report B48695.

Indiana Code 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

CLERK OF THE CIRCUIT COURT  
BARTHOLOMEW COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 12, 2017, with Julie Robertson, Office Manager; Carl H. Lienhoop, President of the Board of County Commissioners; Barbara J. Hackman, County Auditor; Laura DeDomenic, President of the County Council; and Sandy Beatty, Chief Deputy County Auditor.

COUNTY PROSECUTING ATTORNEY  
BARTHOLOMEW COUNTY

COUNTY PROSECUTING ATTORNEY  
BARTHOLOMEW COUNTY  
FEDERAL FINDING

***FINDING 2015-004***

Subject: Internal Control over Child Support Enforcement  
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): 1504INCSES  
Pass-Through Entity: Indiana Department of Child Services  
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles,  
Cash Management, Period of Performance, Reporting  
Audit Finding: Material Weakness

*Repeat Finding*

This is not a repeat finding from the immediate prior year.

*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 Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Performance, and Reporting compliance requirements.

*Context*

*Clerk of the Circuit Court and County Prosecutor*

A consultant prepared the Monthly Expense Claims (MEC) and the Quarterly Incentive Expenditure (QIE) reports. The Clerk of the Circuit Court and the County Prosecutor had not established effective controls to ensure that the MECs were for allowable activities and costs, paid prior to requesting reimbursement, incurred within the period of performance, and that amounts reported were accurate.

*IV-D Court*

The IV-D Court employee prepared the MECs; however, the IV-D Court had not established effective controls to ensure that the MECs were for allowable activities and costs, paid prior to requesting reimbursement, incurred within the period of performance, and that amounts reported were accurate.

*County Auditor*

A consultant prepared the Cost Allocation Plan for indirect costs charged to the program for the County. The County had not established effective controls to ensure that the Cost Allocation Plan was properly prepared and included accurate information.

A County Auditor employee prepared the Quarterly Incentive Balance reports; however, there was no documented review prior to submission.

COUNTY PROSECUTING ATTORNEY  
BARTHOLOMEW COUNTY  
FEDERAL FINDING  
(Continued)

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

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

*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 an effective internal control system could have allowed noncompliance with the compliance requirements and could have 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 and implement controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

*Views of Responsible Officials*

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



**WILLIAM M. NASH**  
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Bartholomew County, Indiana  
Ninth Judicial Circuit

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Columbus, IN 47201  
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**OFFICE OF THE PROSECUTING ATTORNEY**

**CORRECTIVE ACTION PLAN  
FINDING 2015-004**

Contact Person Responsible for Corrective Action: Brenda Mijares, Bartholomew County Prosecutor's Office  
Contact Phone Number: 812-379-1670

**Description of Corrective Action Plan:**

Anticipated Completion Date is May, 2016 since official guidance requiring the claiming of time by payroll instead of by month was announced by the CSB's FQA department in March of 2016. Prior to this date, claiming by month was an acceptable practice by DCS/CSB. These costs are listed on the Audit Expense Trail Report generated by the Auditor's office on a monthly basis and utilized to determine allowable costs to the IV-D program. These reports are reviewed and retained for each MEC and QIE. These costs will be reviewed by the Prosecutor's office prior to submission of MECs and QIE's.

COUNTY PROSECUTING ATTORNEY  
BARTHOLOMEW COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 12, 2017, with Brenda Mijares, Office Administrator; Carl H. Lienhoop, President of the Board of County Commissioners; Barbara J. Hackman, County Auditor; Laura DeDomenic, President of the County Council; and Sandy Beatty, Chief Deputy County Auditor.

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COUNTY IV-D COURT  
BARTHOLOMEW COUNTY

COUNTY IV-D COURT  
BARTHOLOMEW COUNTY  
FEDERAL FINDING

***FINDING 2015-004***

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Pass-Through Entity: Indiana Department of Child Services  
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles,  
Cash Management, Period of Performance, Reporting  
Audit Finding: Material Weakness

*Repeat Finding*

This is not a repeat finding from the immediate prior year.

*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 Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Performance, and Reporting compliance requirements.

*Context*

*Clerk of the Circuit Court and County Prosecutor*

A consultant prepared the Monthly Expense Claims (MEC) and the Quarterly Incentive Expenditure (QIE) reports. The Clerk of the Circuit Court and the County Prosecutor had not established effective controls to ensure that the MECs were for allowable activities and costs, paid prior to requesting reimbursement, incurred within the period of performance, and that amounts reported were accurate.

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A consultant prepared the Cost Allocation Plan for indirect costs charged to the program for the County. The County had not established effective controls to ensure that the Cost Allocation Plan was properly prepared and included accurate information.

A County Auditor employee prepared the Quarterly Incentive Balance reports; however, there was no documented review prior to submission.

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

*Criteria*

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*Cause*

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

*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 an effective internal control system could have allowed noncompliance with the compliance requirements and could have 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*

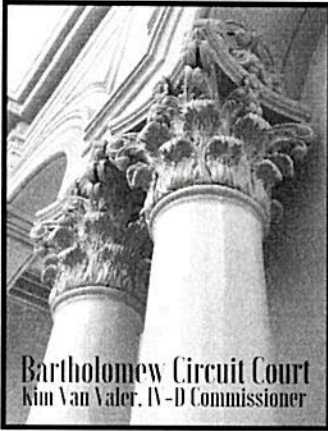
There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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



# Bartholomew Circuit Court

*Kelly S. Benjamin, Judge*

*Kim Van Valer, IV-D Commissioner*

*234 Washington Street*

*Columbus, Indiana 47201*

*(812) 379-1605*

August 31, 2017

## CORRECTIVE ACTION PLAN

Finding 2015-004

Contact Person Responsible for Corrective Action: Candy Taylor


Phone Number: 812-565-5603

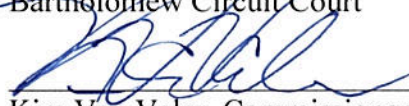
We concur with the finding.

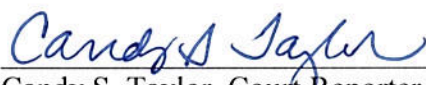
Description of Corrective Action Plan:

We will develop internal controls over the grant agreement (the Cooperative Agreement) and the compliance requirements related to Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Performance, and Reporting. Specifically, we will have the Office Manager in Circuit Court review the claims as allowed or unallowed as prepared by the IVD Court Reporter before review of the supervising Judge.

Anticipated Completion Date: 10/1/17

  
\_\_\_\_\_  
Kelly S. Benjamin, Judge  
Bartholomew Circuit Court

  
\_\_\_\_\_  
Kim Van Valer, Commissioner  
Bartholomew IVD Court

  
\_\_\_\_\_  
Candy S. Taylor, Court Reporter  
Bartholomew IVD Court

8/31/17  
\_\_\_\_\_  
Date

COUNTY IV-D COURT  
BARTHOLOMEW COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 12, 2017, with Candy S. Taylor, IV-D Court Reporter; Carl H. Lienhoop, President of the Board of County Commissioners; Barbara J. Hackman, County Auditor; Laura DeDomenic, President of the County Council; and Sandy Beatty, Chief Deputy County Auditor.