

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

DECATUR COUNTY, INDIANA

January 1, 2015 to December 31, 2015



FILED
11/09/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Board of County Commissioners:	
Federal Findings:	
Finding 2015-003	
Drug Free Communities Support Program Grants - Internal Controls	6-7
Finding 2015-004	
Drug Free Communities Support Program Grants - Matching	8-9
Corrective Action Plan	10-12
Exit Conference	13
County Auditor:	
Federal Findings:	
Finding 2015-001	
Preparation of the Schedule of Expenditures of Federal Awards	16-18
Finding 2015-002	
Internal Controls over Financial Transactions and Reporting	18-19
Corrective Action Plan	20-22
Audit Results and Comments:	
Reconciliation of Ledgers	23
Overdrawn Cash Balances	23
Exit Conference	24
County Treasurer:	
Audit Results and Comments:	
Bank Account Reconciliations	26
County Treasurer Excise Tax	26
County Treasurer Excise Surtax and Wheel Tax	27
Reconciliation of Ledgers	27-28
Exit Conference	29

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Janet S. Chadwell	08-08-14 to 12-31-20
County Treasurer	Mary Vail (Vacant) Brenda Dwenger	01-01-13 to 07-28-17 07-29-17 to 07-30-17 07-31-17 to 12-31-20
Clerk of the Circuit Court	Adina A. Roberts	01-01-15 to 12-31-18
County Sheriff	Gregory D. Allen	01-01-15 to 12-31-18
County Recorder	Denise Zeigler	01-01-15 to 12-31-18
President of the Board of County Commissioners	John Richards Richard Nobbe	01-01-15 to 12-31-16 01-01-17 to 12-31-17
President of the County Council	Ernest J. Gauck	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 DECATUR COUNTY, INDIANA

This report is supplemental to our audit report of Decatur 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/.

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 28, 2017

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BOARD OF COUNTY COMMISSIONERS
DECATUR COUNTY

BOARD OF COUNTY COMMISSIONERS
DECATUR COUNTY
FEDERAL FINDINGS

FINDING 2015-003

Subject: Drug Free Communities Support Program Grants - Internal Controls
Federal Agency: Department of Health and Human Services
Federal Program: Drug Free Communities Support Program Grants
CFDA Number: 93.276
Federal Award Number and Year (or Other Identifying Number): 5H79SP013007-08
Pass-Through Entity: Direct Grant
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles,
Cash Management, Eligibility, 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, 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 following compliance requirements:

Activities Allowed or Unallowed and Allowable Costs/ Cost Principles

Grant funds used to pay credit card claims and student mentors were reviewed by the Executive Director of the Decatur County Community Action Coalition (Coalition). There were no controls in place, such as an oversight, review, or approval process, to ensure the expenditures were in compliance with Activities Allowed or Unallowed and Allowable Costs/Cost Principles requirements.

Cash Management

The Executive Director of the Coalition submitted Requests for Payment to obtain grant funds. There were no controls in place to ensure the County minimized the time between the transfer of funds and disbursement.

Eligibility

Eligibility requirements were stated in the Notice of Award for the grant and were to be met each year by the Coalition. There were no controls in place, such as an oversight, review, or approval process to ensure compliance with Eligibility requirements.

Period of Performance

The County Auditor and the Executive Director of the Coalition paid claims from grant funds. There were no controls in place, such as an oversight, review, or approval process, to ensure the claims paid occurred within the period of performance for the grant.

BOARD OF COUNTY COMMISSIONERS
DECATUR COUNTY
FEDERAL FINDINGS
(Continued)

Reporting

The Executive Director of the Coalition submitted required reports electronically on the federal website and printed copies of the reports for recordkeeping purposes. There were no controls in place, such as an oversight, review, or approval process to ensure the reports were accurate.

Context

The lack of internal controls over the compliance requirements was a systemic problem throughout the audit period.

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 to ensure compliance with the requirements listed above.

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 allow 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 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.

BOARD OF COUNTY COMMISSIONERS
DECATUR COUNTY
FEDERAL FINDINGS
(Continued)

FINDING 2015-004

Subject: Drug Free Communities Support Program Grants - Matching
Federal Agency: Department of Health and Human Services
Federal Program: Drug Free Communities Support Program Grants
CFDA Number: 93.276
Federal Award Number and Year (or Other Identifying Number): 5H79SP013007-08
Pass-Through Entity: Direct Grant
Compliance Requirement: Matching
Audit Findings: Material Weakness, Other Matters

Repeat Finding

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

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 Matching compliance requirement.

The grant required a match of 100 percent to 150 percent of the grant funding, of which a portion of the match would come from in-kind contributions. Records were not available to corroborate the values placed on in-kind contributions. The County did not have proper internal controls to ensure compliance with the Matching requirements.

Context

The lack of controls was a systemic problem causing noncompliance with the matching requirements.

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). . . ."

BOARD OF COUNTY COMMISSIONERS
DECATUR COUNTY
FEDERAL FINDINGS
(Continued)

2 CFR 200.306(b) states in part:

"For all Federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all of the following criteria:

- (1) Are verifiable from the non-Federal entity's records;
- (2) Are not included as contributions for any other Federal award;
- (3) Are necessary and reasonable for accomplishment of project or program objectives;
- (4) Are allowable under subpart E—Cost Principles of this part; . . ."

Cause

Management had not developed a system of internal controls to ensure compliance with the Matching requirements.

Effect

The failure to establish an effective internal control system caused the County to be in noncompliance with the grant agreement and the compliance requirement. A lack of internal control system could also 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 the County's management establish controls, including segregation of duties, related to the grant agreement and the Matching compliance requirement and develop procedures to comply with the Matching requirements.

Views of Responsible Officials

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



Janet S. Chadwell
Decatur County Auditor

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auditor@decaturcounty.in.gov

CORRECTIVE ACTION PLAN

FINDING 2015-001-

Contact Person Responsible for Corrective Action: Janet S Chadwell
Contact Phone Number: (812) 663-2570

Views of Responsible Official:

Decatur County Auditor's personnel have contacted those departments listed in the "Finding" for copies of grants and the schedule of expenditures to address the issues brought to our attention by the State Board of Accounts. We have a clearer understanding of our obligations and the obligations of those receiving the federal awards and are striving to adhere to the *Uniform Internal Control Standards for Indiana Political Subdivisions*.

Description of Corrective Action Plan:

Decatur County will utilize available personnel to provide a proper system of internal control to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA)

Anticipated Completion Date: June, 2018

FINDING 2015-002

Contact Person Responsible for Corrective Action: Janet S Chadwell
Contact Phone Number: (812) 663-2570

Views of Responsible Official:

The Board of County Commissioners began reviewing and approving the payroll claims on September 6th, 2016. Payroll fund receipts and disbursements are reviewed each week by the Auditor and two Deputy Auditors.

Description of Corrective Action Plan:

Decatur County will utilize available personnel to share the financial duties as a 'checks and balances' to address the issues brought to our attention by the State Board of Accounts.

Anticipated Completion Date: October, 2017

FINDING 2015-003

Contact Person Responsible for Corrective Action: Janet S Chadwell

Contact Phone Number: (812) 663-2570

Views of Responsible Official:

The Auditor and Deputy Auditors learned in this audit 'we are the grant police'. Until 2017 we understood our office would process claims and payroll for the Drug-Free Grant program if the correct forms and invoices were submitted.

Description of Corrective Action Plan:

Decatur County is utilizing available personnel to manage internal control requirements relating to grant oversight, review and the approval process as brought to our attention by the State Board of Accounts.

Anticipated Completion Date: October, 2017

FINDING 2015-004

Contact Person Responsible for Corrective Action: Janet S Chadwell

Contact Phone Number: (812) 663-2570

Views of Responsible Official:

As in Finding 2015-003, we now know we have the authority to require documentation of any and all monetary and in-kind contributions.

Description of Corrective Action Plan:

Decatur County is utilizing available personnel to manage internal control requirements relating to grant oversight, reviews of record keeping and the approval process over the activities of the program as brought to our attention by the State Board of Accounts.

Anticipated Completion Date: October, 2017

Janet S Chadwell
Janet S Chadwell

Decatur County Auditor

October 17, 2017
Date

BOARD OF COUNTY COMMISSIONERS
DECATUR COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 28, 2017, with Richard Nobbe, President of the Board of County Commissioners; Janet S. Chadwell, County Auditor; Brenda Dwenger, County Treasurer; Christy Smiley, Deputy County Auditor; and Teresa Reiger, Deputy County Auditor.

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COUNTY AUDITOR
DECATUR COUNTY

COUNTY AUDITOR
DECATUR 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 of Finding 2014-001 from the immediate prior year.

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). As a result, errors occurred on the SEFA.

Context

The SEFA contained the following errors:

1. The Highway Planning and Construction expenditures (CFDA 20.205) were overstated by \$8,760.
2. The Public Health Emergency Preparedness expenditures (CFDA 93.069), in the amount of \$2,889, were not listed.
3. The Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements expenditures (CFDA 93.074) were understated by \$19,124.
4. The Drug Free Communities Support Program Grants expenditures (CFDA 93.276) were overstated by \$27,167.
5. The Child Support Enforcement expenditures (CFDA 93.563) were overstated by \$3,268.
6. The Emergency Management Performance Grants expenditures (CFDA 97.042) were understated by \$8,585.
7. The Homeland Security Grant Program expenditures (CFDA 97.067) were understated by \$88,470.
8. All eight grants reported on the SEFA required corrections to the grant name, pass-through name, pass-through identification numbers, or project names.

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:

COUNTY AUDITOR
DECATUR 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. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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 must 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. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.

COUNTY AUDITOR
DECATUR COUNTY
FEDERAL FINDINGS
(Continued)

- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

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 *Context*.

Recommendation

We recommended that management of the County 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 2015-002

Subject: Internal Controls over Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Finding 2014-002 from the immediate prior year.

Condition

There was a deficiency in the internal control system of the County related to financial transactions and reporting.

Payroll Disbursements: The County Auditor's office had not separated incompatible activities related to payroll and payroll related liabilities. There was no evidence of an oversight, review, or approval process over the posting and payment process of the Payroll Clerk. The failure to establish these controls could have enabled material misstatements or irregularities to remain undetected.

Context

The lack of controls over the posting and payment process of the Payroll Clerk was a systemic issue throughout the audit period.

COUNTY AUDITOR
DECATUR 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. . . ."

Cause

Management of the County had not established a proper system of internal control related to the processing of payroll disbursements.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the County at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner.

Recommendation

We recommended that management of the County establish controls, including segregation of duties, over the posting and payment process of the Payroll Clerk.

Views of Responsible Officials

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



Janet S. Chadwell
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CORRECTIVE ACTION PLAN

FINDING 2015-001-

Contact Person Responsible for Corrective Action: Janet S Chadwell
Contact Phone Number: (812) 663-2570

Views of Responsible Official:

Decatur County Auditor's personnel have contacted those departments listed in the "Finding" for copies of grants and the schedule of expenditures to address the issues brought to our attention by the State Board of Accounts. We have a clearer understanding of our obligations and the obligations of those receiving the federal awards and are striving to adhere to the *Uniform Internal Control Standards for Indiana Political Subdivisions*.

Description of Corrective Action Plan:

Decatur County will utilize available personnel to provide a proper system of internal control to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA)

Anticipated Completion Date: June, 2018

FINDING 2015-002

Contact Person Responsible for Corrective Action: Janet S Chadwell
Contact Phone Number: (812) 663-2570

Views of Responsible Official:

The Board of County Commissioners began reviewing and approving the payroll claims on September 6th, 2016. Payroll fund receipts and disbursements are reviewed each week by the Auditor and two Deputy Auditors.

Description of Corrective Action Plan:

Decatur County will utilize available personnel to share the financial duties as a 'checks and balances' to address the issues brought to our attention by the State Board of Accounts.

Anticipated Completion Date: October, 2017

FINDING 2015-003

Contact Person Responsible for Corrective Action: Janet S Chadwell

Contact Phone Number: (812) 663-2570

Views of Responsible Official:

The Auditor and Deputy Auditors learned in this audit 'we are the grant police'. Until 2017 we understood our office would process claims and payroll for the Drug-Free Grant program if the correct forms and invoices were submitted.

Description of Corrective Action Plan:

Decatur County is utilizing available personnel to manage internal control requirements relating to grant oversight, review and the approval process as brought to our attention by the State Board of Accounts.

Anticipated Completion Date: October, 2017

FINDING 2015-004

Contact Person Responsible for Corrective Action: Janet S Chadwell

Contact Phone Number: (812) 663-2570

Views of Responsible Official:

As in Finding 2015-003, we now know we have the authority to require documentation of any and all monetary and in-kind contributions.

Description of Corrective Action Plan:

Decatur County is utilizing available personnel to manage internal control requirements relating to grant oversight, reviews of record keeping and the approval process over the activities of the program as brought to our attention by the State Board of Accounts.

Anticipated Completion Date: October, 2017

Janet S Chadwell
Janet S Chadwell

Decatur County Auditor

October 17, 2017
Date

COUNTY AUDITOR
DECATUR COUNTY
AUDIT RESULTS AND COMMENTS

RECONCILIATION OF LEDGERS

As of December 31, 2015, the amount posted to the County Treasurer's Daily Balance of Cash and Depositories and reported on the County Treasurer's bank balances was \$1,138 more than reported on the County Auditor's Fund Ledger.

This comment is similar to the comment in prior Report B46351.

At the close of each calendar month a Monthly Financial Statement, County Form No. 61, shall be prepared, showing the financial transactions for the month and year to date, for each fund and in total. The County Treasurer is also required to independently prepare a Monthly Financial Statement on the same form and the two statements must be reconciled. If any differences exist between the records of the auditor and the treasurer, they must be identified and immediate steps taken to bring the records of the two offices into agreement.

The statements are prescribed to be placed in a post-binder and shall be carefully preserved as a permanent record. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 7)

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

OVERDRAWN CASH BALANCES

The financial statements presented included the following funds with overdrawn cash balances at December 31, 2015.

Fund	Amount Overdrawn
Guardian Ad Lim Court	\$ 34
2013 District M & A	912
2015 SHSP Co Base Competitive	3,391
2014 District Sustainment	10,822
EMPG Competitive	11,044
Community Service	15,408
2015 EMPG Competitive	30,151

This comment is similar to the comment in prior Report B46351.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. In an instance in which a unit receives a reimbursement grant, the unit must be claiming reimbursement in a timely manner. In this case, it would be possible for a fund to be overdrawn for a short period of time. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

COUNTY AUDITOR
DECATUR COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 28, 2017, with Janet S. Chadwell, County Auditor; Richard Nobbe, President of the Board of County Commissioners; Brenda Dwenger, County Treasurer; Christy Smiley, Deputy County Auditor; and Teresa Reiger, Deputy County Auditor.

COUNTY TREASURER
DECATUR COUNTY

COUNTY TREASURER
DECATUR COUNTY
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliations contained errors and did not balance. The following items were determined during the audit of the bank reconciliations:

1. A deposit in transit in the amount of \$84,912 was not included in the reconciliation. The receipts that totaled the deposit were received to the ledger on December 31, 2015, and cleared the bank on January 4, 2016.
2. There were \$88,442 worth of deductions and \$31,748 worth of additions removed from the bank reconciliation, as it was determined these items were posted to the ledger and cleared the bank properly within the audit period.
3. A Healthsmart electronic funds transfer was disbursed twice in the Cash Book in the amount of \$57,483. The amount was not included in the reconciliation. The duplicate disbursement occurred July 10, 2015.
4. A cash long was determined in the amount of \$128.

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

COUNTY TREASURER EXCISE TAX

Postings to the County Treasurer's Cash Book for excise tax were based on actual amounts deposited to the County's bank account by the Indiana Bureau of Motor Vehicles (BMV) rather than deposit reports provided to the County from the BMV.

This comment is similar to the comment in prior Report B46351.

At the time of each semiannual tax settlement the treasurer shall report such tax collections, together with the aircraft license excise tax and auto rental excise tax collections discussed in this section, on County Form 49TC, County Treasurer's Certificate of Tax Collections, and the total shown by the county auditor's records shall be verified with the treasurer's certificate before distribution is made. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 7)

Indiana Code 5-13-5-1(a) states:

"Every public officer who receives or distributes public funds shall:

- (1) keep a cashbook into which the public officer shall enter daily, by item, all receipts of public funds; and
- (2) balance the cashbook daily to show funds on hand at the close of each day."

COUNTY TREASURER
DECATUR COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

COUNTY TREASURER EXCISE SURTAX AND WHEEL TAX

Surtax and wheel tax were posted to the County Treasurer's Cash Book on the Vehicle License Excise Tax line item during the year 2015.

This comment is similar to the comment in prior Report B46351.

Indiana Code 6-3.5-4-13 states in part:

"(a) In the case of a county that does not contain a consolidated city of the first class, the county treasurer shall deposit the surtax revenues in a fund to be known as the ' _____ County Surtax Fund'.

(b) Before the twentieth day of each month, the county auditor shall allocate the money deposited in the county surtax fund during that month among the county and the cities and the towns in the county. The county auditor shall allocate the money to counties, cities, and towns under IC 8-14-2-4(c)(1) through IC 8-14-2-4(c)(3).

(c) Before the twenty-fifth day of each month, the county treasurer shall distribute to the county and the cities and towns in the county the money deposited in the county surtax fund during that month. The county treasurer shall base the distribution on allocations made by the county auditor for that month under subsection (b). . . ."

Indiana Code 6-3.5-5-15 states in part:

"(a) In the case of a county that does not contain a consolidated city, the county treasurer shall deposit the wheel tax revenues in a fund to be known as the 'County Wheel Tax Fund'.

(b) Before the twentieth day of each month, the county auditor shall allocate the money deposited in the county wheel tax fund during that month among the county and the cities and the towns in the county. The county auditor shall allocate the money to counties, cities, and towns under IC 8-14-2-4(c)(1) through IC 8-14-2-4(c)(3).

(c) Before the twenty-fifth day of each month, the county treasurer shall distribute to the county and the cities and towns in the county the money deposited in the county wheel tax fund during that month. The county treasurer shall base the distribution on allocations made by the county auditor for that month under subsection (b). . . ."

RECONCILIATION OF LEDGERS

As of December 31, 2015, the amount posted to the County Treasurer's Daily Balance of Cash and Depositories and reported on the County Treasurer's bank balances was \$1,138 more than reported on the County Auditor's Fund Ledger.

This comment is similar to the comment in prior Report B46351.

COUNTY TREASURER
DECATUR COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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 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 ledger of the two offices. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 7)

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

COUNTY TREASURER
DECATUR COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 28, 2017, with Brenda Dwenger, County Treasurer; Richard Nobbe, President of the Board of County Commissioners; Janet S. Chadwell, County Auditor; Christy Smiley, Deputy County Auditor; and Teresa Reiger, Deputy County Auditor.