

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BENTON COUNTY, INDIANA

January 1, 2014 to December 31, 2016



**FILED**  
11/22/2017



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Patricia A. Clouse Audrey Freeland	01-01-13 to 12-31-16 01-01-17 to 12-31-20
County Treasurer	Peggy D. Puetz Janet Hasser	01-01-13 to 12-31-16 01-01-17 to 12-31-20
Clerk of the Circuit Court	Janet Hasser Natalie Kidd	01-01-11 to 12-31-16 01-01-17 to 12-31-18
County Sheriff	B.L. Pritchett Donald Munson	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Recorder	Jane Turner	01-01-11 to 12-31-18
President of the Board of County Commissioners	Bryan Berry Steven Cox Bryan Berry	01-01-14 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17
President of the County Council	Alan J. Adwell	01-01-14 to 12-31-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF BENTON COUNTY, INDIANA

This report is supplemental to our examination report of Benton County (County), for the period from January 1, 2014 to December 31, 2016. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the County. It should be read in conjunction with our Financial Statements Examination Report of the County, which provides our opinion on the County's financial statements. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

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 Examination Result and Comment contained herein describes the identified reportable instance of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Examination Result and Comment, incorporated within this report, was not verified for accuracy.

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

September 19, 2017

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COUNTY AUDITOR  
BENTON COUNTY

COUNTY AUDITOR  
BENTON COUNTY  
EXAMINATION RESULT AND COMMENT

**INTERNAL CONTROLS OVER FINANCIAL REPORTING**

The County Auditor did not establish a proper system of internal control to prevent, or detect and correct, errors on the financial statements. The County Auditor independently prepared the financial statements for inclusion into the Gateway portal without any oversight, review, or approval process to verify the accuracy of the information and amounts. This resulted in the following errors on the financial statements:

1. The 2016 financial statement omitted seven new funds that totaled \$150,984 in receipts, \$18,733 in disbursements, and a cash balance of \$132,251.
2. The 2015 and 2016 financial statements did not include the activity for the County Home.

Examination adjustments were proposed, accepted by the County, and made to the financial statements.

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

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

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. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same action. Separating the ability to record, authorize, and approve the transactions along with the handling of the related asset reduces the risk of error or fraudulent actions. It also reduces the risk of management override. (Uniform Internal Control Standards for Indiana Political Subdivisions, Part One)

COUNTY AUDITOR  
BENTON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 19, 2017, with Audrey Freeland, County Auditor; Bryan Berry, President of the Board of County Commissioners; Alan J. Adwell, President of the County Council; and Mike Freeland, County Commissioner.