

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BLACKFORD COUNTY, INDIANA

January 1, 2014 to December 31, 2016



FILED
01/16/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Sheila D. Meadows	01-01-11 to 07-04-14
	Judy A. Confer	07-05-14 to 01-30-16
	Lisa M. Simmons (interim)	01-31-16 to 02-18-16
	Sharon L. Hartley	02-19-16 to 12-31-18
County Treasurer	Edward M. Hollander	01-01-13 to 05-31-14
	Dana D. Turner	06-01-14 to 12-31-20
Clerk of the Circuit Court	Derinda E. Shady	01-01-13 to 12-31-16
	Laura A. Coons	01-01-17 to 12-31-20
County Sheriff	John A. Lancaster	01-01-11 to 12-31-14
	Jeffrey C. Sones	01-01-15 to 12-31-18
County Recorder	Laura A. Coons	01-01-13 to 12-31-16
	Kelli J. Schriver	01-01-17 to 12-31-20
President of the Board of County Commissioners	C. Scott Confer	01-01-13 to 12-31-16
	John A. Lancaster	01-01-17 to 12-31-17
President of the County Council	Larry R. Hile	01-01-13 to 12-31-13
	John M. Rains	01-01-14 to 12-31-16
	Thomas L. Armstrong	01-01-17 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF BLACKFORD COUNTY, INDIANA

This report is supplemental to our examination report of Blackford 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/.

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 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 Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

November 30, 2017

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COUNTY AUDITOR
BLACKFORD COUNTY

COUNTY AUDITOR
BLACKFORD COUNTY
EXAMINATION RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

A similar comment appeared in prior Report B44558, entitled *ANNUAL REPORT*.

The Annual Financial Reports (AFR) for 2014, 2015, and 2016 were incomplete and contained the following errors:

1. The Sheriff Inmate Trust, Jail Commissary, and Clerk's Trust were incorrectly reported in 2014 and were not reported in 2015 and 2016.
2. The After Settlement Collections were not reported for 2014, 2015, or 2016.

Examination adjustments were proposed, accepted by the County, and made to the financial statement presented in the examination report.

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."

INTERNAL CONTROLS - GATEWAY ANNUAL REPORT

Internal controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient. The County Auditor prepared the Gateway Annual Report, but it was not approved by any other official.

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. . . ."

COUNTY AUDITOR
BLACKFORD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 30, 2017, with Lisa M. Simmons, former County Auditor; Sharon L. Hartley, County Auditor; John A. Lancaster, President of the Board of County Commissioners; John Oxley, Board of County Commissioners member; Thomas L. Armstrong, President of the County Council; and Fred Tobey, County Council member.

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COUNTY TREASURER
BLACKFORD COUNTY

COUNTY TREASURER
BLACKFORD COUNTY
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

A similar comment appeared in prior Report B44560, entitled *BANK ACCOUNT RECONCILIATIONS*.

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliations did not balance for the years 2014, 2015, and 2016. As of December 31, 2016, the difference between the adjusted bank balance and County Annual Financial Report indicated a cash short of \$5,199.

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."

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

TREASURER'S DAILY BALANCE OF CASH AND DEPOSITORIES (FORM 47)

A similar comment appeared in prior Report B44560, entitled *TREASURER'S DAILY BALANCE OF CASH AND DEPOSITORIES (FORM 47)* (Cash Book).

The County Treasurer did not post all transactions to the Cash Book in a timely manner. Electronic deposits received in 2016 were not posted to the Cash Book for up to four months after the deposits were made. There were also other transactions that were not posted for up to six months after the transactions occurred.

In addition, the County Treasurer failed to post all of the financial activity of some bank accounts on the County Treasurer's Cash Book. At December 31, 2016, the account balance in one bank was overstated on the Cash Book by \$62,034.

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."

The Treasurer's Daily Balance of Cash and Depositories (Form 47) is the record prescribed to enable the Treasurer to comply with IC 5-13-5-1. Commonly referred to as the Treasurer's Cash Book, it reflects the daily receipts and disbursements, total amount of cash and investments on hand, and a proof of the financial condition of the office at the close of each day. The record is designed to be posted daily, with a separate page for each day. The left side of the page shows the total amount of money for which the Treasurer is accountable (charges) and the right side of the page shows the money on deposit, invested, or on hand (credits), as proof of the financial condition. (Accounting and Uniform Compliance Manual for County Treasurers of Indiana, Chapter 5)

COUNTY TREASURER
BLACKFORD COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

MONTHLY FINANCIAL REPORT (FORM 47TR)

A similar comment appeared in prior Report B44560, entitled *MONTHLY FINANCIAL REPORT (FORM 47TR)*.

The County Treasurer's Monthly Financial Report (Form 47TR) was to be prepared by the sixteenth day of the following month. These reports were not prepared for any month during the examination period.

Indiana Code 36-2-10-16 states:

"(a) Before the sixteenth day of each month, the treasurer shall prepare a report showing, as of the close of business on the last day of the preceding month, the following items:

- (1) The total amount of taxes collected and not included in the last semiannual settlement of taxes, and the amount of taxes omitted from any preceding semiannual settlements, except for taxes advanced to the state or a municipal corporation in the county and for which an advance settlement has been made.
- (2) The total amount of distributions under IC 6-5.5 that are not included in the last semiannual settlement of taxes, and the amount of those taxes omitted from any preceding semiannual settlements.
- (3) The totals of money received from all other sources and not receipted into the ledger fund accounts of the county at the end of the month.
- (4) The total of the balances in all ledger fund accounts.
- (5) The total amount of cash in each depository at the close of business on the last day of the month.
- (6) The total of county warrants issued against each depository that are outstanding and unpaid at the end of the month.
- (7) The record balance of money in each depository at the end of the month.
- (8) The cash in the office at the close of the last day of the month.
- (9) Other items for which the treasurer is entitled to credit. The treasurer shall prepare the report in quadruplicate and verify each copy.

The treasurer shall retain one (1) copy as a public record and file three (3) copies with the county auditor. The state board of accounts shall prescribe forms for the report in the detail it considers necessary under this section and IC 5-13-6-1.

COUNTY TREASURER
BLACKFORD COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

(b) The treasurer shall make the monthly report required by IC 36-2-6-14."

SUPPLEMENTAL COUNTY ANNUAL REPORT - AFTER SETTLEMENT COLLECTIONS

The County Treasurer did not prepare a Supplemental County Annual Financial Report for the years 2014, 2015, and 2016. Therefore, the financial activity of the After Settlement Collections was not included in the Annual Financial Report filed with the Indiana State Board of Accounts.

Examination adjustments were proposed, accepted by the County, and made to the financial statements presented in the examination report.

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."

DEPOSITS

Three tax payments collected October 10, 2016, in the amount of \$809, October 25, 2016, in the amount of \$1,124 and November 21, 2016, in the amount of \$1,200 were not recorded or deposited timely. These collections were subsequently discovered behind the County Treasurer's cash drawer and were recorded in the records and deposited on March 23, 2017.

Indiana Code 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

PRESCRIBED FORMS - REGISTER OF INVESTMENTS

A similar comment appeared in prior Report B44560, entitled *PRESCRIBED FORMS - REGISTER OF INVESTMENTS*.

The County Treasurer did not maintain a Register of Investments. Information regarding the purchase and sale of the County's Certificates of Deposits was not readily available for examination.

COUNTY TREASURER
BLACKFORD COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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

The Register of Investments, Form 350, is the form prescribed for the treasurer to record investment transactions as they occur.

A separate line should be used for recording each security and a separate sheet should be used for each fund invested. A separate sheet should also be used for investments made from the total monies on deposit. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 5)

January 10th, 2018

Response to: Examination Result and Comments for Blackford County Treasurers Audit

1. Bank Account Reconciliation

\$5,199.00 difference between the adjusted bank balance and County Annual Financial Report

This is the BMV Account that there were several deposits either put in as a duplicate or removed twice. This account did get fixed as far as matching with Auditor for Settlement Excise not with reconciling. Action is being taken by going back from 2014 to 2016 to correct.

2. Treasurers Daily Balance of Cash and Depositories

Electronic deposits received in 2016 were not posted in a timely manner

These deposits were not recorded due to it was addressed to the Auditor that deposits from the jail was to be addressed why we were not getting the notices. This has been corrected and those are getting recorded.

3. Deposits

3 tax payment not recorded

These were tax payments that were found in the back of the drawer after one taxpayer came in to check on balance. It was brought to the attention of the Deputy Treasurer, County Security at the time of findings and pictures were taken. Action taken payments are not laid in the drawer and entered whether busy or not. All cash drawers are checked at least once at the end of the work week to make sure this does not happen again.

4. Prescribed Forms-register of Investments

CD's were not recorded on Form 350

I did not know that these had to be on a form they are recorded on the cashbook and I do have original copies of the CD's. Action taken for end of year 2017 Report of Investments form has been filed with the County Auditor.

5. Monthly Financial report

This report was not filed due reconcile was not completed therefor true numbers were not sufficient to report. Action taken they will be filed from time of reconciling.

6. Supplemental County Annual report

This form is filled out daily and was in my office for all years 2014,2015,2016 they were just not given to the Auditor. Action taken 2017 report has been given to the County Auditor.

Closing statement

I am aware of some of the bank statements are not reconciled. I understand that this is not acceptable by any means and is being corrected from January 1st 2014 thru to date.

The reason why I got behind from the day I took office I was taking care of my spouse with cancer and major injuries from neglect of Doctors and Hospital which ended on his passing of April 9th, 2016.

As of September of 2014, my Deputy found out that she was pregnant with twins and many days off with complications. She was off a total of 5 months of pregnancy difficulties right after the May 10th, 2015 collection date. At that time, I only had extra help which only pertained to collection of taxes at tax time.

At the beginning of January 2016 my budget was cut therefor they took away my extra help only to give me help from the Auditors Office during tax time that did not happen due to they had changes in personnel and was being trained for that position. I then lost my grandson that was living in my home to suicide in September of 2017.

I understand that I should have not let this get behind to where I could not get myself out. My actions to correct this is there are few accounts that is not reconciled and I have started with the process of going back to the beginning of my term cashbooks and correcting all these accounts. I do apologize for any wrong and will have this corrected. Thank you!

Dana Turner
Blackford County Treasurer

COUNTY TREASURER
BLACKFORD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 30, 2017, with Edward M. Hollander, former County Treasurer; Dana D. Turner, County Treasurer; Amanda Leas, First Deputy County Treasurer; John A. Lancaster, President of the Board of County Commissioners; John Oxley, Board of County Commissioners member; Thomas L. Armstrong, President of the County Council; and Fred Tobey, County Council member.

CLERK OF THE CIRCUIT COURT
BLACKFORD COUNTY

CLERK OF THE CIRCUIT COURT
BLACKFORD COUNTY
EXAMINATION RESULT AND COMMENT

SUPPLEMENTAL COUNTY ANNUAL REPORT - CLERK

A similar comment appeared in prior Report B44559, entitled *SUPPLEMENTAL ANNUAL FINANCIAL REPORT*.

The 2014, 2015, and 2016 Supplemental County Annual Financial Reports for the Clerk's Trust did not reflect the complete activity of the Clerk of the Circuit Court. The Supplemental County Annual Financial Report for 2014 and 2016 did not contain the financial activity of the Support (ISETS) Fund. The Supplemental County Annual Financial Report for 2015 did not contain the financial activity of the Trust and Support (ISETS) Funds.

Examination adjustments were proposed, accepted by the County, and made to the financial statements presented in the examination report.

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."

CLERK OF THE CIRCUIT COURT
BLACKFORD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 28, 2017, with Laura A. Coons, Clerk of the Circuit Court.

The contents of this report were discussed on November 30, 2017, with John A. Lancaster, President of the Board of County Commissioners; John Oxley, Board of County Commissioners member; Thomas L. Armstrong, President of the County Council; and Fred Tobey, County Council member.

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COUNTY SHERIFF
BLACKFORD COUNTY

COUNTY SHERIFF
BLACKFORD COUNTY
EXAMINATION RESULTS AND COMMENTS

SUPPLEMENTAL COUNTY ANNUAL REPORT - SHERIFF INMATE TRUST AND JAIL COMMISSARY

The 2014, 2015, and 2016 Supplemental County Annual Financial Reports for the Sheriff Inmate Trust and Jail Commissary did not reflect the activity of the funds. These Supplemental County Annual Reports were filed using incorrect amounts, such as monthly bank statement deposits and charges instead of the receipts and disbursements from the Sheriff Inmate Trust and Jail Commissary ledgers.

Examination adjustments were proposed, accepted by the County, and made to the financial statements presented in the examination report.

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."

BANK ACCOUNT RECONCILIATIONS - SHERIFF INMATE TRUST AND JAIL COMMISSARY

A Sheriff Inmate Trust "Reconciliation Report" showing a reconciliation between the bank account balance and the "Register Balance" was provided for the period January 1, 2014 to July 15, 2015. However, these reports were not presented for examination after July 31, 2015.

A funds ledger was maintained for the Jail Commissary and a reconciliation with the bank account balance was provided for the period January 1, 2014 to August 31, 2015. After August 31, 2015, the ledger balance was recorded using the monthly bank statement transactions.

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."

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

COUNTY SHERIFF
BLACKFORD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 30, 2017, with John A. Lancaster, former County Sheriff and current President of the Board of County Commissioners; Jeffrey C. Sones, County Sheriff; John Oxley, Board of County Commissioners member; Thomas L. Armstrong, President of the County Council; and Fred Tobey, County Council member.