

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
FAYETTE COUNTY, INDIANA
January 1, 2015 to December 31, 2015



FILED
03/12/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
County Auditor:	
Federal Findings:	
Finding 2015-001	
Preparation of the Schedule of Expenditures of Federal Awards	6-8
Finding 2015-002	
Financial Transactions and Reporting	8-10
Corrective Action Plan	11-12
Exit Conference	13
County Treasurer:	
Federal Finding:	
Finding 2015-002	
Financial Transactions and Reporting	16-18
Corrective Action Plan	19
Audit Result and Comment:	
Bank Account Reconciliations.....	20
Exit Conference	21
Clerk of the Circuit Court:	
Federal Finding:	
Finding 2015-002	
Financial Transactions and Reporting	24-26
Corrective Action Plan	27
Exit Conference	28

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Gertrud Whitaker Jane E. Downard	01-01-15 to 12-31-15 01-01-16 to 12-31-18
County Treasurer	Mary Hiers Lavonda Glover	01-01-13 to 12-31-16 01-01-17 to 12-31-20
Clerk of the Circuit Court	Melinda Sudhoff	01-01-15 to 12-31-18
County Sheriff	David J. Laughlin	01-01-15 to 12-31-18
County Recorder	Ruth Nutty	01-01-15 to 12-31-18
President of the Board of County Commissioners	Frank Jackson Leota King	01-01-15 to 12-31-16 01-01-17 to 12-31-18
President of the County Council	Mike Wenta	01-01-14 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF FAYETTE COUNTY, INDIANA

This report is supplemental to our audit report of Fayette 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 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 Result and Comment 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 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 Corrective Action Plan for the Federal Findings, incorporated within this report, was not verified for accuracy.

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

February 20, 2018

(This page intentionally left blank.)

COUNTY AUDITOR
FAYETTE COUNTY

COUNTY AUDITOR
FAYETTE COUNTY
FEDERAL FINDINGS

FINDING 2015-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior audit 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). There were not adequate controls in place, such as an oversight, review, or approval process, to ensure the accuracy of the information that was entered into the Indiana Gateway for government units financial system (Gateway), which is the source of the SEFA.

Context

The lack of controls was a systemic problem throughout the audit period. Due to the lack of controls, the SEFA contained the following errors: there were three programs that were omitted from the SEFA and four programs which were reported on the SEFA with errors. The SEFA was understated in total by \$393,317.

Audit adjustments were proposed, accepted by the County, and made to the SEFA.

Criteria

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

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

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

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

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. . . ."

COUNTY AUDITOR
FAYETTE COUNTY
FEDERAL FINDINGS
(Continued)

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.
- (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 the County's management establish controls, including segregation of duties, to prevent, or detect and correct, errors on the SEFA.

COUNTY AUDITOR
FAYETTE COUNTY
FEDERAL FINDINGS
(Continued)

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: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior audit finding numbers were 2014-002, 2014-003, and 2014-004.

Condition

There were several deficiencies in the internal control system of the County related to Financial Transactions and Reporting.

County Auditor

Lack of Segregation of Duties: The County Auditor's office had not separated incompatible activities related to Financial Transactions and Reporting.

Financial Transactions and Reporting: The County Auditor's office prepared and submitted the financial information into the Gateway financial system, which is the source of the Annual Financial Report (AFR) and financial statement. The County Auditor's office did not have effective controls to verify the accuracy of the financial information prior to submission.

Clerk of the Circuit Court

Lack of Segregation of Duties: The Clerk of the Circuit Court's office had not separated incompatible activities related to Financial Transactions and Reporting and Cash and Investments.

Financial Transactions and Reporting: The Clerk of the Circuit Court had not separated incompatible activities related to receipts and disbursements. One employee was responsible for preparing and making bank deposits, reconciling daily cash collections, and issuing checks.

Cash and Investment: One employee was responsible for performing the reconciliation of the depository account balance with the record balance. There were no controls in place such as an oversight, review, or approval process of the bank reconciliations.

County Treasurer

Lack of Segregation of Duties: The County Treasurer's office had not separated incompatible activities related to Cash and Investments.

Cash and Investment: One employee was responsible for performing the reconciliation of the depository account balance with the record balance. There were no controls in place such as an oversight, review, or approval process of the bank reconciliations.

COUNTY AUDITOR
FAYETTE COUNTY
FEDERAL FINDINGS
(Continued)

Context

The lack of controls was a systemic problem throughout the audit period. Due to the lack of controls, the County's AFR and financial statement contained the following errors: the beginning balances were understated \$981,920, total receipts were understated \$3,651,779, total disbursements were understated \$3,626,031, and the ending balance was understated \$1,007,667.

Audit adjustments were proposed, accepted by the County, and made to the AFR and financial statement.

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 5-11-1-4(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 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."

Cause

Management of the County had not established a proper system of internal control over Financial Transactions and Reporting.

Effect

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

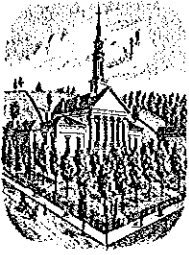
COUNTY AUDITOR
FAYETTE COUNTY
FEDERAL FINDINGS
(Continued)

Recommendation

We recommended that the County's management establish 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 Plans that are part of this report.



FAYETTE COUNTY, INDIANA
OFFICE OF THE AUDITOR, JANE E. DOWNARD

401 N. CENTRAL AVENUE, CONNERSVILLE, IN 47331
(765) 825-8987 OFFICE; (765) 827-4936 FAX

CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action: Jane Downard
Contact Phone Number: (765) 825-8987


We concur with Finding 2015-001.

Description of Corrective Action Plan:

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

Going forward, prior to submitting the Annual Financial Report, Auditor will have a member of county council and, when appropriate, the county's grant administrator, review the Schedule of Expenditures of Federal Awards.


Anticipated Completion Date: This will be done in 2018 when the Annual Financial Report for 2017 is prepared and submitted.



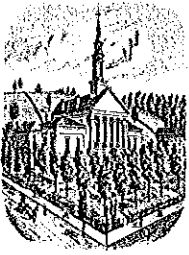
Jane E. Downard



Auditor
Title



1/29/2018
Date



FAYETTE COUNTY, INDIANA
OFFICE OF THE AUDITOR, JANE E. DOWNARD

401 N. CENTRAL AVENUE, CONNERSVILLE, IN 47331
(765) 825-8987 OFFICE; (765) 827-4936 FAX

CORRECTIVE ACTION PLAN

FINDING 2015-002

Contact Person Responsible for Corrective Action: Jane Downard
Contact Phone Number: (765) 825-8987

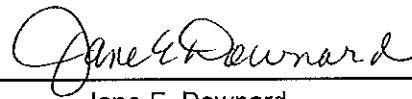
We concur with Finding 2015-002.

Description of Corrective Action Plan:

The County did not have an effective system of internal control in place over the Annual Financial Report.

Going forward, prior to submitting the Annual Financial Report, Auditor will have a member of county council and, when appropriate, the county's grant administrator, review the Annual Financial Report.

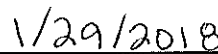
Anticipated Completion Date: This will be done in 2018 when the Annual Financial Report for 2017 is prepared and submitted.



Jane E. Downard



Auditor
Title



1/29/2018
Date

COUNTY AUDITOR
FAYETTE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 20, 2018, with Jane E. Downard, County Auditor; Gertrud Whitaker, former County Auditor; Leota King, President of the Board of County Commissioners; Gary Naylor, County Commissioner; Dale L. Strong, County Council member; and Shirley Wise, County Council member.

(This page intentionally left blank.)

COUNTY TREASURER
FAYETTE COUNTY

COUNTY TREASURER
FAYETTE COUNTY
FEDERAL FINDING

FINDING 2015-002

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior audit finding numbers were 2014-002, 2014-003, and 2014-004.

Condition

There were several deficiencies in the internal control system of the County related to Financial Transactions and Reporting.

County Auditor

Lack of Segregation of Duties: The County Auditor's office had not separated incompatible activities related to Financial Transactions and Reporting.

Financial Transactions and Reporting: The County Auditor's office prepared and submitted the financial information into the Gateway financial system, which is the source of the Annual Financial Report (AFR) and financial statement. The County Auditor's office did not have effective controls to verify the accuracy of the financial information prior to submission.

Clerk of the Circuit Court

Lack of Segregation of Duties: The Clerk of the Circuit Court's office had not separated incompatible activities related to Financial Transactions and Reporting and Cash and Investments.

Financial Transactions and Reporting: The Clerk of the Circuit Court had not separated incompatible activities related to receipts and disbursements. One employee was responsible for preparing and making bank deposits, reconciling daily cash collections, and issuing checks.

Cash and Investment: One employee was responsible for performing the reconciliation of the depository account balance with the record balance. There were no controls in place such as an oversight, review, or approval process of the bank reconciliations.

County Treasurer

Lack of Segregation of Duties: The County Treasurer's office had not separated incompatible activities related to Cash and Investments.

Cash and Investment: One employee was responsible for performing the reconciliation of the depository account balance with the record balance. There were no controls in place such as an oversight, review, or approval process of the bank reconciliations.

COUNTY TREASURER
FAYETTE COUNTY
FEDERAL FINDING
(Continued)

Context

The lack of controls was a systemic problem throughout the audit period. Due to the lack of controls, the County's AFR and financial statement contained the following errors: the beginning balances were understated \$981,920, total receipts were understated \$3,651,779, total disbursements were understated \$3,626,031, and the ending balance was understated \$1,007,667.

Audit adjustments were proposed, accepted by the County, and made to the AFR and financial statement.

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 5-11-1-4(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 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."

Cause

Management of the County had not established a proper system of internal control over Financial Transactions and Reporting.

Effect

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

COUNTY TREASURER
FAYETTE COUNTY
FEDERAL FINDING
(Continued)

Recommendation

We recommended that the County's management establish 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 Plans that are part of this report.

Fayette County Treasurer

Lavonda M. Glover, Treasurer
401 Central Avenue
Connersville, IN 47331

CORRECTIVE ACTION PLAN

FINDING 2015-002

Contact Person Responsible for Corrective Action: Lavonda M. Glover
Contact Phone Number: 765-825-1013

Views of Responsible Official: Based upon the reviews of the prior Treasurer, I concur with the Findings.

Description of Corrective Action Plan: Corrective efforts will be put into place from the date of this letter moving forward and be in pursuant to the Corrective Action Plan.

Segregation of Duties: The bank's reconcilements will be performed by the 2nd deputy and printed in hard copy, and reviewed and stamped and dated by the Treasurer before filing away. Bank reconcilements will be performed to balance with the cash book on a monthly basis and maintain all bank accounts be recorded on cash book as noted. Measures will be taken in the Treasurer's Office to correct this and prevent future deficiencies as a part of internal controls. Complete and accurate reconciliation is the highest priority of this office. I, as treasurer, will seek out the assistance needed to maintain accurate monthly reports as to be distributed to the appropriate offices.

Anticipated Completion Date: The corrective action plan will begin immediately and continue from this audit forward.



(Signature)

Treasurer

(Title)

February 12, 2018

(Date)

COUNTY TREASURER
FAYETTE COUNTY
AUDIT RESULT AND COMMENT

BANK ACCOUNT RECONCILIATIONS

The same comment also appeared in prior Reports B42320, B44410, and B49178, entitled *BANK ACCOUNT RECONCILIATIONS*.

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the bank account balances were not reconciled to the record balances. The County Treasurer had eight different bank accounts and three of the accounts contained cash long. In addition, one bank account was not accounted for in the County Treasurer's Cash Book. Overall, the bank reconciliation showed unexplained cash long of \$37,997.

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
FAYETTE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 20, 2018, with Lavonda Glover, County Treasurer; Leota King, President of the Board of County Commissioners; Gary Naylor, County Commissioner; Dale L. Strong, County Council member; and Shirley Wise, County Council member.

(This page intentionally left blank.)

CLERK OF THE CIRCUIT COURT
FAYETTE COUNTY

CLERK OF THE CIRCUIT COURT
FAYETTE COUNTY
FEDERAL FINDING

FINDING 2015-002

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior audit finding numbers were 2014-002, 2014-003, and 2014-004.

Condition

There were several deficiencies in the internal control system of the County related to Financial Transactions and Reporting.

County Auditor

Lack of Segregation of Duties: The County Auditor's office had not separated incompatible activities related to Financial Transactions and Reporting.

Financial Transactions and Reporting: The County Auditor's office prepared and submitted the financial information into the Gateway financial system, which is the source of the Annual Financial Report (AFR) and financial statement. The County Auditor's office did not have effective controls to verify the accuracy of the financial information prior to submission.

Clerk of the Circuit Court

Lack of Segregation of Duties: The Clerk of the Circuit Court's office had not separated incompatible activities related to Financial Transactions and Reporting and Cash and Investments.

Financial Transactions and Reporting: The Clerk of the Circuit Court had not separated incompatible activities related to receipts and disbursements. One employee was responsible for preparing and making bank deposits, reconciling daily cash collections, and issuing checks.

Cash and Investment: One employee was responsible for performing the reconciliation of the depository account balance with the record balance. There were no controls in place such as an oversight, review, or approval process of the bank reconciliations.

County Treasurer

Lack of Segregation of Duties: The County Treasurer's office had not separated incompatible activities related to Cash and Investments.

Cash and Investment: One employee was responsible for performing the reconciliation of the depository account balance with the record balance. There were no controls in place such as an oversight, review, or approval process of the bank reconciliations.

CLERK OF THE CIRCUIT COURT
FAYETTE COUNTY
FEDERAL FINDING
(Continued)

Context

The lack of controls was a systemic problem throughout the audit period. Due to the lack of controls, the County's AFR and financial statement contained the following errors: the beginning balances were understated \$981,920, total receipts were understated \$3,651,779, total disbursements were understated \$3,626,031, and the ending balance was understated \$1,007,667.

Audit adjustments were proposed, accepted by the County, and made to the AFR and financial statement.

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 5-11-1-4(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 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."

Cause

Management of the County had not established a proper system of internal control over Financial Transactions and Reporting.

Effect

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

CLERK OF THE CIRCUIT COURT
FAYETTE COUNTY
FEDERAL FINDING
(Continued)

Recommendation

We recommended that the County's management establish 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 Plans that are part of this report.

Fayette County Clerk

Melinda Sudhoff



Fayette County Government Center
401 Central Avenue
Connersville, IN 47331

Phone: 765-825-1813
Fax: 765-827-4902
Email: clerk@co.fayette.in.us

CORRECTIVE ACTION PLAN

RE: FINDING 2015-002

Melinda Sudhoff, Fayette County Clerk
Contact Phone Number: 765-222-1554

To Whom it may Concern:

Upon receiving notice of the lack of segregation of duties from the State Board of Accounts, I have reviewed the finding and concur with the audit.

Description of Corrective Action Plan:

In order to correct the deficiencies, we have implemented a segregation of duties. One person is no longer responsible for the complete daily closeout of financial transactions. We have four persons who have been trained to perform these duties. Each transaction is assigned randomly and is never the same individual daily. As an example: when one person prints checks then another person verifies the check register and the amounts of each check while another individual deposits the checks in the mail. There is no longer an established "routine". Bank reconciliements are also reviewed by several individuals. Our daily deposits are verified upon the return of the individual by another individual who thereby initials the deposit slip.

Anticipated Completion Date: The segregation of duties and the monitoring of controls have been established and are hereby completed as of this date.

Melinda Sudhoff

(Signature)

Fayette County Clerk

(Title)

1/23/18

(Date)

CLERK OF THE CIRCUIT COURT
FAYETTE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 20, 2018, with Melinda Sudhoff, Clerk of the Circuit Court; Leota King, President of the Board of County Commissioners; Gary Naylor, County Commissioner; Dale L. Strong, County Council member; and Shirley Wise, County Council member.