

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TIPTON COUNTY, INDIANA

January 1, 2015 to December 31, 2017



FILED
04/11/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Gregg Townsend	06-20-12 to 12-31-18
County Treasurer	Suzanne Alexander	01-01-15 to 12-31-18
Clerk of the Circuit Court	Deborah Tragesser	01-01-15 to 12-31-18
County Sheriff	Tony D. Frawley	01-01-15 to 12-31-18
County Recorder	Marla Featherstone Sheila D. Hook	01-01-13 to 12-31-16 01-01-17 to 12-31-20
President of the Board of County Commissioners	Joe VanBibber Jim Mullins	01-01-15 to 12-31-16 01-01-17 to 12-31-18
President of the County Council	James L. Powell Beth Roach	01-01-15 to 12-31-16 01-01-17 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of Tipton County (County), for the period from January 1, 2015 to December 31, 2017. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the County. It should be read in conjunction with our Financial Statements Audit 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 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 Official Responses to the Audit Results and Comments, incorporated within this report, were not verified for accuracy.

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

April 6, 2018

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COUNTY AUDITOR
TIPTON COUNTY

COUNTY AUDITOR
TIPTON COUNTY
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The same comment also appeared in prior Reports B40470, B42307, B45091, and B45098.

The cash balances of the following funds were overdrawn:

Fund	Amount Overdrawn December 31, 2015	Amount Overdrawn December 31, 2016	Amount Overdrawn December 31, 2017
Tax Sale Fees/Cost	\$ 9,956	\$ 15,878	\$ -
Tax Sale Redemption	-	64,867	-
2008 TIF Sinking Fund	1,198	1,698	-
New Payroll Clearing	31,189	31,112	47,540
Reassessment	-	31,550	-
Accident Report	2,099	-	-
Educational Plate Fee	56	-	-
Drain Reconstruction	-	-	319,327
CEDIT Distribution	423	-	-
Rural Demonstration Project	14	14	-

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. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

FINANCIAL TRANSACTIONS AND REPORTING

Several errors were identified in the financial statements for 2015, 2016, and 2017, which are compiled from the Annual Financial Report (AFR) submitted to the Indiana State Board of Accounts:

1. Certificate of Deposits were purchased in 2016 and 2017 from the Drain Maintenance fund totaling \$1,500,000. The disbursements for the purchases were recorded to the County Auditor's funds ledger and reduced the balance of the Drain Maintenance fund. This resulted in an overstatement of the Drain Maintenance fund disbursements of \$1,500,000.
2. Inmate trust transactions were not included in County Sheriff fund on the financial statements for 2015, 2016, and 2017.

COUNTY AUDITOR
TIPTON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

3. Receipts for 2015 of \$87,421 were recorded as 2016 receipts.
4. A check for \$218,802 issued in 2015 was erroneously recorded in 2016 instead. A correction was made to 2015 AFR, but was not corrected in 2016, therefore, overstating 2016 disbursements.
5. Other immaterial posting errors were also identified in receipts and disbursements.

Adjustments to the financial statements were proposed and approved by management.

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."

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 Auditors of Indiana, Chapter 1)

FORM 1099s NOT ISSUED FOR DRAINAGE WORK

The same comment also appeared in prior Report B48470.

Form 1099s were not issued to vendors for work paid from the Drainage Improvement or Drainage Maintenance funds during the audit period.

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

COUNTY AUDITOR
TIPTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 6, 2018, with Gregg Townsend, County Auditor; Jim Mullins, President of the Board of County Commissioners; and Beth Roach, President of the County Council.

CLERK OF THE CIRCUIT COURT
TIPTON COUNTY

CLERK OF THE CIRCUIT COURT
TIPTON COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROL OVER FINANCIAL TRANSACTIONS AND REPORTING

A similar comment also appeared in prior Report B48470. The prior comment appeared as federal Finding 2014-001.

The Clerk of the Circuit Court's office had deficiencies in their internal control system related to the segregation of duties for Financial Transactions and Reporting. All individuals of the Clerk of the Circuit Court's office had the ability to collect funds and post receipts, and all individuals had the ability to generate checks, which are posted automatically by the system to the financial records.

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. . . ."

CLERK OF THE CIRCUIT COURT
TIPTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 6, 2018, with Deborah Tragesser, Clerk of the Circuit Court; Jim Mullins, President of the Board of County Commissioners; and Beth Roach, President of the County Council.

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COUNTY PROSECUTING ATTORNEY
TIPTON COUNTY

COUNTY PROSECUTING ATTORNEY
TIPTON COUNTY
AUDIT RESULT AND COMMENT

BANK ACCOUNT RECONCILIATIONS

The same comment also appeared in prior Reports B37987, B39678, B41834, B45093, B45100, and B48470.

Depository reconciliations of the fund balances to the bank account balances for the County Prosecuting Attorney's office were not performed during the audit period.

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 should 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 for Counties of Indiana, Chapter 1)

COUNTY PROSECUTING ATTORNEY
TIPTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 6, 2018, with Jay Rich, County Prosecuting Attorney; Jim Mullins, President of the Board of County Commissioners; and Beth Roach, President of the County Council.

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COUNTY HEALTH DEPARTMENT
TIPTON COUNTY

COUNTY HEALTH DEPARTMENT
TIPTON COUNTY
AUDIT RESULT AND COMMENT

DEPOSITS

The same comment also appeared in prior Reports B39676, B41833, B45092, B45099, and B48470.

Receipts were deposited later than the next business day in 100 percent of receipts tested. Receipts were remitted to the County Treasurer and quietus written twice a month on average.

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 . . ."

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

"The following are not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars (\$500): . . .

- (2) A local officer of a political subdivision required to deposit funds under subsection (c) other than a township trustee.
- (3) A city or a town required to deposit funds under subsection (d). . . ."



Tipton County

Health Department

*101 E. Jefferson Street
Tipton, Indiana 46072
(765) 675-8741*

April 6, 2018

This letter shall stand as the official response from the Tipton County Health Department, in regards to the State Board of Accounts Financial Audit of 2015, 2016, and 2017.

As of September 12, 2016 the Tipton County Health Department has been making all monetary deposits daily in accordance with IC 5-13-6-1.

Respectfully,

Lindsey Ogden

Office Manager

COUNTY HEALTH DEPARTMENT
TIPTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 6, 2018, with Lindsey Ogden; Office Manager; Jim Mullins, President of the Board of County Commissioners; and Beth Roach, President of the County Council.