

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

VERMILLION COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
04/20/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Phyllis Orman Amy L. Tolbert	01-01-13 to 12-31-16 01-01-17 to 12-31-20
County Treasurer	Wendy Farley Florinda A. Pruitt	01-01-13 to 12-31-16 01-01-17 to 12-31-20
Clerk of the Circuit Court	Florinda A. Pruitt Amy Griffin	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Sheriff	Robert J. Spence Michael Phelps	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Recorder	Lori Porter Marge Hennis	01-01-11 to 12-31-14 01-01-15 to 12-31-18
President of the Board of County Commissioners	Tim J. Wilson	01-01-14 to 12-31-18
President of the County Council	Michael A. Carty Michael Costello Jill Wesch Michael A. Carty	01-01-14 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF VERMILLION COUNTY, INDIANA

This report is supplemental to our audit report of Vermillion County (County), for the period from January 1, 2014 to December 31, 2014. 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 Finding, identified in the above referenced audit report, is included in this report.

Any Corrective Action Plan for the Federal Finding, incorporated within this report, was not verified for accuracy.

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

March 8, 2018

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COUNTY AUDITOR
VERMILLION COUNTY

COUNTY AUDITOR
VERMILLION COUNTY
FEDERAL FINDING

FINDING 2014-001

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

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).

Context

The SEFA contained the following error:

CFDA 93.563, Child Support Enforcement, was overstated by \$34,109.

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. . . ."

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § __.310. . . ."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. 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 award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

COUNTY AUDITOR
VERMILLION COUNTY
FEDERAL FINDING
(Continued)

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual 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 shall 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.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

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 related to the preparation of the SEFA.

Views of Responsible Officials

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

Amy Tolbert Vermillion County Auditor

Stephanie Simpson -Chief Deputy Auditor
Tonya Lewis-Deputy Auditor

Becky Julian/Anita Fultz-Payroll Deputy Auditor
Annie Wickens/Anita Fultz-Claims Deputy Auditor

CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person: Amy Tolbert
Contact Number: 765-492-5300

View of Responsible Official:

While not in compliance for the period identified in Finding 2014-001, The county has recognized the need for additional training and reinforcement of internal controls to ensure proper reporting of the SEFA. Our internal controls were not proper in the prevention, or detection of errors on the Schedule of Expenditures of Federal Awards (SEFA). CFDA 93.563 Child Support Enforcement was overstated \$34,109.

Description of Corrective Action Plan:

The County will implement an internal control procedure to provide oversight, review, and approval of the County's Child Support Enforcement SEFA. The Auditor will designate one individual in the Auditor's office to provide all Child Enforcement SEFA data to the Auditor. The Auditor will review the data and approve it prior to submission in Gateway.

Anticipated Completion Date: Completed



Amy L. Tolbert
Auditor Vermillion County
03/08/2018

COUNTY AUDITOR
VERMILLION COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 8, 2018, with Amy L. Tolbert, County Auditor; Florinda A. Pruitt, County Treasurer; Wendy Farley, former County Treasurer; Tim J. Wilson, President of the Board of County Commissioners; Ashley James, County Council member; and Jill Wesch, County Council member.