

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BROWN COUNTY, INDIANA

January 1, 2015 to December 31, 2017



FILED
08/02/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Beth A. Mulry	01-01-15 to 12-31-18
County Treasurer	Mary E. Smith	01-01-13 to 12-31-20
Clerk of the Circuit Court	Brenda Woods	01-01-15 to 12-31-18
County Sheriff	Scott D. Southerland	01-01-15 to 12-31-18
County Recorder	Sandy S. Cain Judy Swift-Powdrill	01-01-13 to 12-31-16 01-01-17 to 12-31-20
President of the Board of County Commissioners	David Anderson	01-01-15 to 12-31-18
President of the County Council	David Critser David Redding David Critser Keith Baker	01-01-15 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 BROWN COUNTY, INDIANA

This report is supplemental to our audit report of Brown 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 Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

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

July 12, 2018

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BOARD OF COUNTY COMMISSIONERS
BROWN COUNTY

BOARD OF COUNTY COMMISSIONERS
BROWN COUNTY
AUDIT RESULTS AND COMMENTS

ADOPTION OF INTERNAL CONTROL STANDARDS

The County did adopt the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts on August 17, 2016. The County incorrectly certified in the Indiana Gateway for Government Units financial reporting system, for the 2016 Annual Report, that these standards had not been adopted.

The training of all required personnel concerning the internal controls standards has not been completed. The November 15, 2017 Board of County Commissioner's minutes stated that all internal control standards training is to be completed by December 1, 2018.

Indiana 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

CONTRACT - BROWN COUNTY CONVENTION AND VISITORS COMMISSION

A contract between the Brown County Convention and Visitors Commission (Commission) and the Nashville/Brown County Convention and Visitors Bureau, Inc. (Bureau) states in part:

"Commission will compensate the Bureau 95% of all lodging tax budgeted and collected by the Commission and approved by the County Council during each calendar year during the term of this Contract. . . ."

For the three year audit period, the Commission paid the Bureau 100 percent of the lodging tax budgeted. The total amount overpaid to the Bureau was \$125,500.

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

CAPITAL ASSETS

The County has not properly maintained a complete detailed listing of capital assets owned. The capital assets totals reported in the Annual Financial Report are based upon yearly replacement value reports from the County's insurance company and not on the acquisition costs of the assets. Assets purchased with federal funds were not included in the capital asset balances or were not properly identified.

Additionally, the County does not have a capital assets capitalization policy.

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for County Auditor, Chapter 1)

BOARD OF COUNTY COMMISSIONERS
BROWN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 12, 2018, with Diana Biddle, Board of County Commissioners member; Beth A. Mulry, County Auditor; Mary E. Smith, County Treasurer; and Keith Baker, President of the County Council.