

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

JAY COUNTY, INDIANA

January 1, 2015 to December 31, 2015



FILED
08/24/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Anna M. Culy	01-01-15 to 12-31-18
County Treasurer	Robin Alberson Paula Miller	01-01-13 to 12-31-16 01-01-17 to 12-31-20
Clerk of the Circuit Court	Ellen Coats Jon Eads	01-01-13 to 12-31-16 01-01-17 to 12-31-20
County Sheriff	Dwane Ford	01-01-15 to 12-31-18
County Recorder	Betty St. Myers	01-01-15 to 12-31-18
President of the Board of County Commissioners	Faron Parr Douglas L. Inman Richard L. Huffman	01-01-15 to 12-31-16 01-01-17 to 06-12-17 06-13-17 to 12-31-18
President of the County Council	Michael Leonhard Jeanne Houchins	01-01-15 to 12-31-16 01-01-17 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF JAY COUNTY, INDIANA

This report is supplemental to our audit report of Jay 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 Audit Results and Comments that pertain to the County. It should be read in conjunction with our Financial Statement Audit Report of the County, which provides our opinion on the County's financial statement. 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

August 3, 2018

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COUNTY SHERIFF
JAY COUNTY

COUNTY SHERIFF
JAY COUNTY
AUDIT RESULTS AND COMMENTS

DEPOSITS

On several occasions during 2015, receipts exceeding \$500 were received and deposited later than the next business day. Some receipts were not deposited for as long as 43 days after receipt.

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).

However, the funds on hand must be deposited not later than the business day following the day that the funds do exceed five hundred dollars (\$500)."

BANK ACCOUNT RECONCILIATION

The County Sheriff's Department did not reconcile the balance of the Inmate Trust Account with the balance on the bank statements provided by their financial institution, on a monthly basis.

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 SHERIFF
JAY COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

INMATE TRUST RECORDS

During the audit period, the Jail Matron did not generate a detailed report of the inmate trust receipts, disbursements, and balances from their software system to reconcile to the fund ledger, as required.

Indiana Code 36-8-10-22 states:

- "(a) This section applies to any county that operates a county jail.
- (b) The sheriff shall hold in trust separately for each inmate any money received from that inmate or from another person on behalf of that inmate.
- (c) If the inmate or the inmate's legal guardian requests a disbursement from the inmate's trust fund, the sheriff may make a disbursement for the personal benefit of the inmate, including but not limited to a disbursement to the county jail commissary.
- (d) Upon discharge or release of an inmate from the county jail, the sheriff shall pay to that inmate or the inmate's legal guardian any balance remaining in the inmate's trust fund.
- (e) If an inmate is found guilty of intentionally destroying or losing county property after a hearing conducted under IC 11-11-5-5, the sheriff may disburse from the inmate's trust fund or commissary account sums of money as reimbursement to the county for the inmate's intentional destruction or loss of county property, including but not limited to clothing, bedding, and other nondisposable items issued by the county to the inmate. Before disbursing money under this subsection, the sheriff shall adopt rules to administer this procedure.
- (f) The sheriff shall maintain a record of each trust fund's receipts and disbursements. The state board of accounts shall prescribe the form for this record."

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
JAY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 3, 2018, with Dwane Ford, County Sheriff; Richard L. Huffman, President of the Board of County Commissioners; Barry Hudson, County Commissioner; and Jeanne Houchins, President of the County Council.

COUNTY HOME
JAY COUNTY

COUNTY HOME
JAY COUNTY
AUDIT RESULTS AND COMMENTS

CONDITION OF RECORDS

Errors were found on the Combined Report by the Superintendent of the County Home to the Board of Commissioners (Form 77), a detail of receipts from the residents, as well as a reporting of resident charges for the month. These reports contained several errors, including incorrect billing charges, no record of resident absence days, no admittance or departure date for partial month residents, and calculation errors, which caused incorrect amounts to be remitted to the County.

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)

TRANSACTION RECORDING

The County Home sold cattle to Loy's Real Estate and Auction throughout the audit period, and for the period December 2015 through February 2017, did not remit money received for cattle sales to the County. Money received from the sale of cattle was retained in the County Home bank account and later used to purchase additional cattle. Additionally, farm ground rent and proceeds from the sale of corn were retained in this bank account as well. In February of 2017, the remaining cattle, rent, and corn money was remitted to the County.

The County Home Director opened a donation bank account in September 2015, without the knowledge or approval of the proper County official. Funds were kept in this bank account and not remitted to the County as required. Some donations were kept on hand as a petty cash fund and used to pay for various items and services for individual residents. Examples of items purchased for residents with these funds are: dentures, eyeglasses, and various clothing items. Additionally, amounts retained in this donation bank account were not reported to the County to be included in the County Annual Report.

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 Counties of Indiana, Chapter 1)

PRESCRIBED FORMS

The County Home did not adequately maintain a County Home Resident's Maintenance Ledger. The County Home has been using a standard columnar pad to create a handwritten ledger in place of the prescribed form (County Form 77B).

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

BANK ACCOUNT RECONCILIATION

Bank reconciliations were not performed during the audit period for the County Home to reconcile the balance of public funds with the balance on the bank statements provided by their financial institution.

COUNTY HOME
JAY COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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."

RECEIPT ISSUANCE

Receipts were not properly issued for all monies received. Multiple receipts were prewritten for resident rent payments not yet received by the County Home, resulting in numerous voided receipts. Receipts were not issued on many occasions for money received from the sale of grain and cattle, rent of farm ground, and donations.

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

SUPPORTING DOCUMENTATION

Supporting documentation was not submitted for audit for numerous transactions throughout the audit period. The County Home maintained the personal spending money for a resident, without retaining supporting documentation for amounts spent on behalf of the resident. Monies spent on behalf of the resident included amounts paid to Walmart, Jay County Hospital, Bluffton Physicians, and various other medical facilities.

Additionally, documentation to support the financial information provided to the County Auditor for submission in the County Annual Report was not provided for audit.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

PUBLIC RECORDS RETENTION

The following records were not retained or made available for audit:

- Documentation for payments made to various medical facilities and grocery stores on behalf of residents.
- Documentation on sources of donations to the County Home or restrictions on donations.
- Documentation of admittance, discharge, and leave dates for residents.
- Record of past due balances of residents.
- General ledger.

COUNTY HOME
JAY COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

1. The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
2. The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

COUNTY HOME
JAY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 3, 2018, with Anna M. Culy, County Auditor; Richard L. Huffman, President of the Board of County Commissioners; Barry Hudson, County Commissioner; and Jeanne Houchins, President of the County Council.