

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

DUBOIS COUNTY, INDIANA

January 1, 2016 to December 31, 2017



**FILED**  
10/11/2018



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Kathleen M. Hopf	01-01-15 to 12-31-18
County Treasurer	Chad Blessinger Cathy L. Merkley	01-01-13 to 12-31-16 01-01-17 to 12-31-20
Clerk of the Circuit Court	Bridgette N. Jarboe	01-01-15 to 12-31-18
County Sheriff	Donald R. Lampert	01-01-15 to 12-31-18
County Recorder	Rebecca S. Gates	01-01-15 to 12-31-18
President of the Board of County Commissioners	Lawrence M. Vollmer Chad A. Blessinger Nick Hostetter	01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18
President of the County Council	Gregory A. Kendall Jerry R. Hunefeld	01-01-16 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 DUBOIS COUNTY, INDIANA

This report is supplemental to our audit report of Dubois County (County), for the period from January 1, 2016 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 Statement Audit Report of the County, which provides our opinions on the County's financial statement. This report may be found at [www.in.gov/sboa/](http://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

September 6, 2018

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COUNTY COMMUNITY CORRECTIONS  
DUBOIS COUNTY

COUNTY COMMUNITY CORRECTIONS  
DUBOIS COUNTY  
AUDIT RESULTS AND COMMENTS

***LEDGERS NOT MAINTAINED***

The same comment also appeared in prior Reports B47212 and B47282.

Financial records presented for audit were incomplete and not reflective of the activity of the County Community Corrections Department (Department). The records presented for audit did not provide sufficient information to establish the accuracy or completeness of the transactions and balances for the Department due to the following deficiencies:

1. A ledger was not maintained for the Community Corrections Project Income fund for 2016 or 2017.
2. The Community Corrections Commissary fund ledger was presented for audit; however, there were a number of posting errors that resulted in incorrect fund balances beginning on April 29, 2016, through the end of the audit period.

All financial transactions pertaining to the governmental unit should 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)

***BANK ACCOUNT RECONCILIATIONS***

The same comment also appeared in prior Reports B47212 and B47282.

Depository reconciliations of the Community Corrections Project Income fund balances to the bank account balances were not presented for any month during the audit period.

Depository reconciliations of the Community Corrections Commissary fund balances to the bank account balances were not presented for any month during 2017. Depository reconciliations were conducted during 2016, but the reconciled bank balance did not agree to the fund balance for any month. A difference between the bank balance and the fund balance was documented on each reconciliation.

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."

***COLLECTION OF AMOUNTS DUE***

The same comment also appeared in prior Reports B47212 and B47282.

COUNTY COMMUNITY CORRECTIONS  
DUBOIS COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

As of December 31, 2017, three different reports were run that showed the amounts owed to the Community Corrections Indigent fund and Project Income fund from participants. The total amount reported as due from participants varied between the reports by over \$526,000. The Director was unable to substantiate the validity of any of the three reports or the possible cause of the differences reported.

Units have a responsibility to collect amounts owed to the unit pursuant to procedures authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

**INTERNAL CONTROLS**

The same comment also appeared in prior Report B47282.

Internal controls over the recording and reconciling of the financial transactions of the Community Corrections Project Income fund and the Community Corrections Commissary fund were insufficient due to the lack of segregation of duties.

The Treatment Program Facilitator was primarily responsible for recording the financial transactions and performing all bank reconciliations for the Community Corrections accounts. There was no control in place, such as an oversight, review, or approval process to verify the accuracy and completeness of the financial transactions or the bank reconciliations.

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. . . ."

COUNTY COMMUNITY CORRECTIONS  
DUBOIS COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 6, 2018, with Megan Durlauf, County Community Corrections Director; Sandra Olinger, Treatment Program Facilitator; Chad Blessinger, Vice President of the County Community Corrections Advisory Board and Vice President of the Board of County Commissioners; Doug Tarvin, Secretary of the County Community Corrections Advisory Board; Kathleen M. Hopf, County Auditor; Elmer Brames, County Commissioner; Jerry R. Hunefeld, President of the County Council; Mary E. Beckman, County Council member; and Michael W. Kluesner, County Council member.