

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

PORTER COUNTY, INDIANA

January 1, 2017 to December 31, 2017



FILED
11/16/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Vicki Urbanik	01-01-15 to 12-31-18
County Treasurer	Michelle Clancy	01-01-17 to 12-31-20
Clerk of the Circuit Court	Karen Martin	01-01-15 to 12-31-18
County Sheriff	David Reynolds	01-01-15 to 12-31-18
County Recorder	Jon C. Miller	01-01-15 to 12-31-18
President of the Board of County Commissioners	Jeff Good	01-01-17 to 12-31-18
President of the County Council	Mike Jessen Andy Bozak	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 PORTER COUNTY, INDIANA

This report is supplemental to our audit report of Porter County (County), for the period from January 1, 2017 to December 31, 2017. 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 Findings, identified in the above referenced audit report, are included in this report.

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

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

October 5, 2018

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CLERK OF THE CIRCUIT COURT
PORTER COUNTY

CLERK OF THE CIRCUIT COURT
PORTER COUNTY
FEDERAL FINDING

FINDING 2017-001

Subject: Financial Transactions
Audit Finding: Significant Deficiency

Condition

There were deficiencies in the internal control system of the Clerk of the Circuit Court's office related to financial transactions that constituted a significant deficiency over disbursements.

The Clerk of the Circuit Court's office had not separated incompatible activities related to disbursements. The checks were generated (which printed with electronic signature), recorded, and mailed by one individual without a proper system of oversight and review.

Context

The lack of controls over financial transactions for the Clerk of the Circuit Court was a systemic issue throughout the audit period.

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.

CLERK OF THE CIRCUIT COURT
PORTER COUNTY
FEDERAL FINDING
(Continued)

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. . . ."

Cause

Management of the Clerk of the Circuit Court had not established a proper system of internal control over financial transactions.

Effect

The failure to establish controls could have enabled misstatements or irregularities to remain undetected.

Recommendation

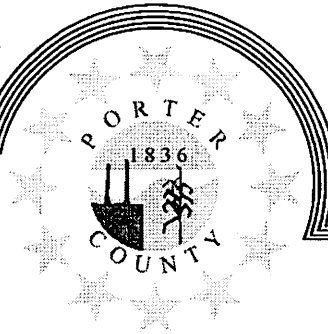
We recommended that the Clerk of the Circuit Court establish a system of internal controls related to financial transactions.

Views of Responsible Officials

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

Auditor's Response

There was no documented control in place over disbursements of the Clerk of the Circuit Court. We recommended control procedures to correct the control deficiency; however, it is management's responsibility to have control procedures in place to ensure proper segregation of duties.



KAREN MARTIN
CLERK OF THE CIRCUIT AND SUPERIOR COURTS
TELEPHONE: (219) 465-3450

October 5, 2018

CORRECTIVE ACTION PLAN

Finding 2017-001

Contact Person Responsible for Corrective Action: Karen Martin
Contact Number: 219-465-3463

I was asked to clarify the process for check distribution, there were some misunderstandings but SBOA had requested that an additional measure be taken to confirm the information from the check registry and the original checks to be distributed. I immediately sent an email to advise my staff to distribute the duties and confirm the information on the check registry and the original checks. I understand their request but am unsure how comparing information from the same system that generates the check registry and the checks is going to assist in catching fraud.

The completion date was the date the SBOA requested to change the procedure.

Karen M. Martin, Clerk 10/5/18

Signature, Title, Date

CLERK OF THE CIRCUIT COURT
PORTER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 5, 2018, with Karen Martin, Clerk of the Circuit Court, and Jacalyne Haney, Deputy Clerk of the Circuit Court.

The contents of this report were discussed on October 5, 2018, with Vicki Urbanik, County Auditor; Sylvia Graham, County Council member; Dan Whitten, County Council member; Joy Blakely, County Council Executive Assistant; Scott McClure, County Attorney; and Tiffany Johnson, Budget and Finance Director.