

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

DECATUR COUNTY, INDIANA

January 1, 2017 to December 31, 2017



**FILED**  
12/26/2018



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
County Auditor:	
Federal Finding:	
Finding 2017-003	
Preparation of the Schedule of Expenditures of Federal Awards .....	6-8
Corrective Action Plan .....	9
Audit Results and Comments:	
Overdrawn Cash Balances .....	10
Reconcilement Between County Treasurer and County Auditor .....	10
Exit Conference .....	11
County Treasurer:	
Federal Finding:	
Finding 2017-001	
Financial Transactions and Reporting .....	14-15
Corrective Action Plan .....	16
Audit Result and Comment:	
Reconcilement Between County Treasurer and County Auditor .....	17
Exit Conference .....	18
Clerk of the Circuit Court:	
Federal Finding:	
Finding 2017-002	
Financial Transactions and Reporting .....	20-21
Corrective Action Plan .....	22
Exit Conference .....	23

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Janet Chadwell	01-01-16 to 12-31-20
County Treasurer	Mary Vail (Vacant) Brenda Dwenger	01-01-16 to 07-28-17 07-29-17 to 07-30-17 07-31-17 to 12-31-20
Clerk of the Circuit Court	Adina A. Roberts	01-01-15 to 12-31-18
County Sheriff	Gregory D. Allen	01-01-15 to 12-31-18
County Recorder	Denise Zeigler	01-01-15 to 12-31-18
President of the Board of County Commissioners	Richard Nobbe	01-01-17 to 12-31-18
President of the County Council	Ernest J. Gauck	01-01-17 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF DECATUR COUNTY, INDIANA

This report is supplemental to our audit report of Decatur 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 and Audit Results and Comments 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/](http://www.in.gov/sboa/).

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Results and Comments as described below.

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 Corrective Action Plan for the Federal Findings and Official Response to the Audit Results and Comments, incorporated within this report, were not verified for accuracy.

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

December 18, 2018

(This page intentionally left blank.)

COUNTY AUDITOR  
DECATUR COUNTY

COUNTY AUDITOR  
DECATUR COUNTY  
FEDERAL FINDING

**FINDING 2017-003**

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

*Condition*

The County Auditor had not established effective internal controls to prevent, or detect and correct, errors in the financial information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the Schedule of Expenditures of Federal Awards (SEFA).

The SEFA contained the following errors:

1. The Highway Planning and Construction expenditures were understated by \$103,792.
2. The Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements expenditures were overstated by \$7,943.
3. The Drug-Free Communities Support Program Grants expenditures were overstated by \$24,385.
4. The Child Support Enforcement expenditures were overstated by \$11,256.
5. The Emergency Management Performance Grants expenditures were understated by \$9,628.
6. Unidentified state grants were overstated by \$38,282.
7. Several grants required corrections to the grant name, pass-through name, pass-through identification numbers, or project names.

Audit adjustments were proposed, accepted by the County, and made to the SEFA.

*Context*

The lack of controls and noncompliance were systemic issues 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.

COUNTY AUDITOR  
DECATUR 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. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

*"Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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 must 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. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

*Cause*

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

COUNTY AUDITOR  
DECATUR COUNTY  
FEDERAL FINDING  
(Continued)

*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 *Condition*.

*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.



**Janet S. Chadwell**  
**Decatur County Auditor**

150 Courthouse Square, Suite 133, Greensburg, Indiana 47240  
Phone - 812-663-2570  
Fax - 812-663-2242  
[auditor@decaturcounty.in.gov](mailto:auditor@decaturcounty.in.gov)

CORRECTIVE ACTION PLAN

**FINDING 2017-003**

Contact Person Responsible for Corrective Action: Janet Chadwell, County Auditor  
Contact Phone Number: 812.663.2570

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: We will have more than two people review the data/numbers/reports for accuracy and also when entering/uploading information into Gateway.

Anticipated Completion Date: March 30, 2018

Janet S Chadwell  
(Signature)

Decatur Co Auditor  
(Title)

December 18, 2018  
(Date)

COUNTY AUDITOR  
 DECATUR COUNTY  
 AUDIT RESULTS AND COMMENTS

**OVERDRAWN CASH BALANCES**

This is a repeat comment from prior Reports B46351, B48989 and B51637.

The financial statement presented included the following funds with overdrawn cash balances at December 31, 2017.

Fund	Amount Overdrawn
Guardian Ad Lim Court	\$ 42
Special Non-Revert Health Ins	1,203,001
Payroll	11,548
20.600 Operation Pull Over	3,331
20.616 Traffic Safety/Occupation	858
93.069 Public Health Prep	14,897
97.067 2016 SHSP Local Project	25,442
EMPG Competitive	10,379
2014 District Sustainment	1,291
2014 District Training	645
2015 SHSP District 9 Equipment	1,291
2015 EMPG Competitive	3,849

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. In an instance in which a unit receives a reimbursement grant, the unit must be claiming reimbursement in a timely manner. In this case, it would be possible for a fund to be overdrawn for a short period of time. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

**RECONCILEMENT BETWEEN COUNTY TREASURER AND COUNTY AUDITOR**

This is a repeat comment from prior Reports B46351, B48989, and B51637.

As of December 31, 2017, the amount posted to the County Treasurer's Daily Balance of Cash and Depositories for the Funds Ledger was \$130,703.63 more than reported on the County Auditor's Fund Ledger.

At the close of each calendar month a Monthly Financial Statement, County Form No. 61, shall be prepared, showing the financial transactions for the month and year to date, for each fund and in total. The County Treasurer is also required to independently prepare a Monthly Financial Statement on the same form and the two statements must be reconciled. If any differences exist between the records of the auditor and the treasurer, they must be identified and immediate steps taken to bring the records of the two offices into agreement.

The statements are prescribed to be placed in a post-binder and shall be carefully preserved as a permanent record. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 7)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

COUNTY AUDITOR  
DECATUR COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 18, 2018, with Janet Chadwell, County Auditor; Ernest J. Gauck, President of the County Council; and Richard Nobbe, President of the Board of County Commissioners.

(This page intentionally left blank.)

COUNTY TREASURER  
DECATUR COUNTY

COUNTY TREASURER  
DECATUR COUNTY  
FEDERAL FINDING

***FINDING 2017-001***

Subject: Financial Transactions and Reporting - County Treasurer  
Audit Findings: Material Weakness, Noncompliance

*Condition*

There were several deficiencies in the internal control system of the County Treasurer related to receipts and cash and investments. The County Treasurer had not separated incompatible activities related to receipts and cash and investments.

There was no documented oversight, review, or approval process, to ensure receipts collected were posted to the records and deposited in the bank.

There was no documented oversight, review, or approval process, to ensure the bank reconciliations were prepared properly. The lack of internal controls resulted in a cash long of \$105,439 in the bank reconciliation prepared at December 31, 2017.

*Context*

The lack of internal controls and noncompliance were systemic issues 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.

COUNTY TREASURER  
DECATUR 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. . . ."

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."

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 Manual for Treasurers of Indiana, Chapter 1)

*Cause*

Management had not established a system of internal controls over financial transactions and reporting.

*Effect*

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

*Recommendation*

We recommended that the County's management establish a system of internal controls, including proper segregation of duties, over financial transactions and reporting.

*Views of Responsible Officials*

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



*Brenda L Dwenger*

Decatur County Treasurer  
150 Courthouse Sq, Suite 138  
812-663-4190  
treasurer@decaturcounty.com

CORRECTIVE ACTION PLAN

**FINDING 2017-001**

Contact Person Responsible for Corrective Action: Brenda L Dwenger  
Contact Phone Number: 812-663-4190

Views of Responsible Official: Having been made aware of the deficiencies in the internal control systems in the Decatur County Treasurer Office. I concur

Description of Corrective Action Plan: Immediate steps have been take to create a search of adjustment and difference in daily transaction between the Treasurer's Office and Auditors Office. This process began November 2018.

Decatur County's Accounting Software Company has been schedule for December 2018 to oversee the adjustment of any posting differences between the Treasurer and Auditor Office.

Daily balancing procedures for cash books and funds ledger are being review by separate employees. The following procedures became office policy in November 2018.

Only one employee is allow to handle funds thru each cash drawer system. Drawers are to be locked when employee is not available (lunch, banking etc) to process payments. Each drawer will be balanced by another staff member. There will be a separation of balancing drawer, preparation of bank deposit tickets, and actual bank deposits. The will be a dual review of bank statements balancing. All of the previous mentioned items will require a signature identity as proof of completion.

In completion there is a complete cross training of staff

Anticipated Completion Date: November 2018

*Brenda L Dwenger*  
\_\_\_\_\_  
(Signature)

*Treasurer*  
\_\_\_\_\_  
(Title)

*12-18-18*  
\_\_\_\_\_  
(Date)

COUNTY TREASURER  
DECATUR COUNTY  
AUDIT RESULT AND COMMENT

***RECONCILEMENT BETWEEN COUNTY TREASURER AND COUNTY AUDITOR***

This is a repeat comment from prior Reports B46351, B48989, and B51637.

As of December 31, 2017, the amount posted to the County Treasurer's Daily Balance of Cash and Depositories for the Funds Ledger was \$130,703.63 more than reported on the County Auditor's Fund Ledger.

The Monthly Financial Statement, Form 61, is a permanent record prepared from the treasurer's funds ledger at the close of each month. It is prepared after all postings to the ledger have been completed for the month and reflects the total receipts and disbursements and the balance for each fund for the month and the year to date. The statement must agree with a similar statement kept by the county auditor, giving consideration to any adjustments required to reconcile the ledger of the two offices. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 5)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the amount needed to balance the fund may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

COUNTY TREASURER  
DECATUR COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 18, 2018, with Brenda Dwenger, County Treasurer; Ernest J. Gauck, President of the County Council; and Richard Nobbe, President of the Board of County Commissioners.

CLERK OF THE CIRCUIT COURT  
DECATUR COUNTY

CLERK OF THE CIRCUIT COURT  
DECATUR COUNTY  
FEDERAL FINDING

***FINDING 2017-002***

Subject: Financial Transactions and Reporting - Clerk of the Circuit Court  
Audit Finding: Material Weakness

*Condition*

There were several deficiencies in the internal control system of the County related to financial transactions and reporting. The Clerk of the Circuit Court had not separated incompatible activities related to receipts and disbursements. There was no documented oversight, review, or approval process, to ensure that all receipts collected were posted to the system and deposited at the bank. There was no documented oversight, review, or approval process, to ensure the disbursements posted in the system agree to the checks issued.

*Context*

The lack of controls 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  
DECATUR 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 had not established a system of internal controls over financial transactions and reporting.

*Effect*

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

*Recommendation*

We recommended that the County's management establish a system of internal controls, including segregation of duties, related to financial transactions and reporting.

*Views of Responsible Officials*

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



*Adina A. Roberts, Clerk*  
*Decatur Circuit and Superior Courts*  
150 Courthouse Square, Suite 244, Greensburg, Indiana  
47240  
Phone - 812-663-8223 & 812-663-8642  
Fax - 812-662-6627  
[clerk@decaturcounty.in.gov](mailto:clerk@decaturcounty.in.gov)

---

CORRECTIVE ACTION PLAN

**FINDING 2017-002**

Contact Person Responsible for Corrective Action: Adina A. Roberts  
Contact Phone Number: (812) 663-8223

Views of Responsible Official: "We concur with the finding."

Description of Corrective Action Plan:

Receipts: End of the day balancing will include initials and date from the person processing daily balancing. The deposit will be then recounted and checked the next day to the end of the day reports by a different person. That person will then initial and date the fact the amounts are checked.

Disbursements: The person disbursing the checks the next day will never be the person making the deposit the day before. The person disbursing the checks will initial and date each report. Then the report will be given to another person to verify the amount of checks match the reports. The second person will then initial and date the reports also. Verifying that each check matches the reports.

Anticipated Completion Date: December 17, 2018

*Adina A. Roberts*  
(Signature)  
*Decatur County*  
(Title)  
*Circuit Ct Clerk*

CLERK OF THE CIRCUIT COURT  
DECATUR COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 18, 2018, with Adina Roberts, County Clerk; Ernest J. Gauck, President of the County Council; and Richard Nobbe, President of the Board of County Commissioners.