

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CLAY COUNTY, INDIANA

January 1, 2016 to December 31, 2017



FILED
02/15/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Jennifer M. Flater	01-01-16 to 12-31-19
County Treasurer	Debra James	01-01-16 to 12-31-19
Clerk of the Circuit Court	Victoria J. Wheeler Amy E. Jordan	01-01-16 to 12-31-16 01-01-17 to 12-31-19
County Sheriff	Paul R. Harden	01-01-16 to 12-31-19
County Recorder	Joseph Dierdorf (Patricia) Nicole Keller	01-01-16 to 12-31-16 01-01-17 to 12-31-19
President of the Board of County Commissioners	Paul R. Sinderson Bryan K. Allender Paul R. Sinderson Jim Bowman (Vacant) Marty Heffner Paul R. Sinderson	01-01-16 to 06-30-17 07-01-17 to 12-31-17 01-01-18 to 06-30-18 07-01-18 to 09-30-18 10-01-18 to 11-04-18 11-05-18 to 12-31-18 01-01-19 to 06-30-19
President of the County Council	Larry Moss	01-01-16 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF CLAY COUNTY, INDIANA

This report is supplemental to our audit report of Clay 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 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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

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

February 13, 2019

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CLERK OF THE CIRCUIT COURT
CLAY COUNTY

CLERK OF THE CIRCUIT COURT
CLAY COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

There were several deficiencies in the internal control system of the Clerk of the Circuit Court (Clerk) related to the financial transactions. There was a lack of segregation of duties, as the Clerk had not separated incompatible activities related to cash, receipts, and disbursements.

Cash - The Clerk had not designed or implemented controls, including segregation of duties, to ensure the accuracy of the cash balance. The individual with responsibilities for receipting and disbursing funds, also performed the monthly bank reconciliations. There was no indication of a review, oversight, or approval process.

Receipts - The Clerk had not separated incompatible activities to ensure the accuracy of the receipts. The Clerk's office had one cash drawer which was utilized by three employees with the Deputy Clerk responsible for reconciling the daily receipts to the drawer. There was no indication of a review, oversight, or approval process.

Disbursements - The Clerk had not designed or implemented controls, including segregation of duties, related to disbursements. Individuals with responsibility for disbursing funds had complete control over the disbursement function. The same individuals responsible for preparation of checks, also used the Clerk's signature stamp to sign those checks authorizing payment. There was no indication of a review, oversight, or approval process.

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. . . ."

CLERK OF THE CIRCUIT COURT
CLAY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 13, 2019, with Amy E. Jordan, Clerk of the Circuit Court; Jennifer M. Flater, County Auditor; Bryan K. Allender, County Commissioner; and Jason C. Thomas, County Council member.