

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

UNION COUNTY, INDIANA

January 1, 2014 to December 31, 2017



FILED
02/20/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Gene H. Sanford	01-01-11 to 12-31-18
County Treasurer	Bonnie Adams Linda Rosenberger	01-01-13 to 12-31-16 01-01-17 to 12-31-20
Clerk of the Circuit Court	Susan Ray Loree Persinger	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Sheriff	Eric Cantrell Dale Dishmond	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Recorder	Linda Rosenberger Lavinia Brookshire	01-01-11 to 12-31-16 01-01-17 to 12-31-18
President of the Board of County Commissioners	Paul Wiwi	01-01-14 to 12-31-18
President of the County Council	Alan Alcorn Russel Rude Richard Blank	01-01-14 to 01-31-15 02-01-15 to 12-31-16 01-01-17 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF UNION COUNTY, INDIANA

This report is supplemental to our audit report of Union County (County), for the period from January 1, 2014 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 Statements Audit Report of the County, which provides our opinion on the County's financial statements. 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

December 20, 2018

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COUNTY AUDITOR
UNION COUNTY

COUNTY AUDITOR
UNION COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

There were deficiencies in the internal control system of the County related to financial transactions and reporting. The County Auditor had not separated incompatible activities related to payroll disbursements, and financial reporting.

Payroll Disbursements

One employee entered payroll information into the accounting system without an oversight, review, or approval process to ensure the accuracy of the information entered.

Financial Reporting

The County Auditor uploaded financial information from the County's accounting software to the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Reports and the financial statements. There was no oversight, review, or approval process to ensure the accuracy of the information prior to submission.

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 AUDITOR
UNION COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 20, 2018, with Gene H. Sanford, County Auditor; Paul Wiwi, President of the Board of County Commissioner; Richard Blank, President of the County Council; Tim Williams, County Commissioner, Trisha Persinger, County Council member; James R. Hensley Jr, County Council member; Jeff Adams, County Council member; Chris Rosenberger, County Council member; and Nancy Witter, County Council member.

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COUNTY TREASURER
UNION COUNTY

COUNTY TREASURER
UNION COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

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

Cash and Investments

There were no controls in place, such as an oversight, review, or approval of the bank reconciliation process.

Receipts

The receiving, posting, and depositing functions were not properly segregated between employees.

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UNION COUNTY
EXIT CONFERENCE

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