

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

STEUBEN COUNTY, INDIANA

January 1, 2017 to December 31, 2017



**FILED**  
03/22/2019



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Kim Meyers	01-01-15 to 12-31-18
County Treasurer	Melissa Bixler	01-01-17 to 12-31-20
Clerk of the Circuit Court	Michele Herbert	01-01-15 to 12-31-18
County Sheriff	Tim R. Troyer	01-01-15 to 12-31-18
County Recorder	Linda Myers	01-01-15 to 12-31-18
Executive Director of Northeast Indiana Community Corrections	Brett Hays	01-01-17 to 12-31-18
President of the Board of County Commissioners	Ronald L. Smith	01-01-17 to 12-31-18
President of the County Council	Richard Shipe	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 STEUBEN COUNTY, INDIANA

This report is supplemental to our audit report of Steuben 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](http://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

December 20, 2018

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COUNTY SHERIFF  
STEUBEN COUNTY

COUNTY SHERIFF  
STEUBEN COUNTY  
FEDERAL FINDING

***FINDING 2017-001***

Subject: Financial Transactions and Reporting - County Sheriff  
Audit Finding: Material Weakness, Noncompliance

*Condition*

There were deficiencies in the internal control system of the County related to financial transactions and reporting of the County Sheriff. The County Sheriff had not separated incompatible activities related to reconciling and disbursing for some areas. One employee in the County Sheriff's office performed the monthly bank reconciliations for the County Sheriff's Cash Book without an oversight, review, or approval process. One employee made disbursements from all accounts without an oversight, review, or approval process. For Inmate Trust Fund and Jail Commissary Fund, management performed operations with tangible controls and evidence of the review and approval of the bank reconciliations for those accounts. However, those controls were not effective as they did not prevent the bank reconciliation from being completed for the incorrect dates. The December 2017 reconciliation for Inmate Trust Fund was completed with the bank balance reconciling to the ledger at January 5, 2018. The December 2017 reconciliation for Jail Commissary Fund was completed with the bank balance reconciling to the ledger at January 4, 2018.

*Context*

The lack of internal controls and the noncompliance were systemic issues, occurring 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 SHERIFF  
STEUBEN 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."

*Cause*

The County Sheriff had not established a proper system of internal control that would have segregated key functions.

*Effect*

The failure to establish and properly implement controls enabled misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the County Sheriff at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, misstatements in a timely manner.

*Recommendation*

We recommended that the County Sheriff establish a system of internal controls to ensure that monthly reconciliations are performed and reviewed and to ensure the accuracy of disbursement transactions reported in the financial statement.

*Views of Responsible Officials*

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



Steuben County Sheriff's Office  
206 E. Gale St. • Angola, Indiana 46703  
Tim R. Troyer, Sheriff  
Rodney L. Robinson, Chief Deputy

Phone: 260.668.1000  
Business Office: Ext. 5000  
Fax: 260.665.9476

## CORRECTIVE ACTION PLAN

Finding 2017-001


Contact Person Responsible for Corrective Action: Tim R. Troyer, Sheriff  
Contact Phone Number: 260-668-1000

Views of Responsible Official:  
I concur with the finding.

### Description of Corrective Action Plan:

In order to create a better internal control over the Sheriff's Cashbook, the bank reconciliation will be completed by the Office Manager, and reviewed by the Sheriff. The Sheriff will review and initial the Report of Collections and associated disbursement checks at the end of each month. We will reconcile all bank accounts through the last day of the month, rather than the date the reconciliation occurs.

Anticipated Completion Date:  
December 31, 2018

  
Sheriff  
12/20/2018

COUNTY SHERIFF  
STEUBEN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 20, 2018, with Tim R. Troyer, County Sheriff, and Julie Troyer, County Sheriff Office Manager.

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BOARD OF COUNTY COMMISSIONERS  
STEUBEN COUNTY

BOARD OF COUNTY COMMISSIONERS  
STEUBEN COUNTY  
FEDERAL FINDING

***FINDING 2017-002***

Subject: Internal Control over Financial Transactions and Reporting - County EMS  
Audit Finding: Material Weakness

*Condition*

One full-time County EMS Department (Department) employee significantly participated in or was solely responsible for all aspects of the Department financial activity. This included billing, receiving payments, preparing and making bank deposits, preparing and issuing checks, reconciling the bank account, preparing write-off reports for the Board of County Commissioners' approval, and making all entries to customer accounts (charges, collections, write-offs, and adjustments). The Department accepted collections in the billing office. A receipt was not always issued for these collections.

There was no documentation provided to indicate that Department financial activity was reviewed on an ongoing basis by an employee not involved in maintaining the records. The Department utilized an EMS services software application to enter and accumulate run data. A separate software system was utilized for billing and customer accounts. The Department did not have a procedure in place to compare billable runs entered in the EMS services software to actual billings.

*Context*

The lack of internal controls was a systemic issue, occurring 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:

BOARD OF COUNTY COMMISSIONERS  
STEUBEN COUNTY  
FEDERAL FINDING  
(Continued)

"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. . . ."

*Cause*

The Department had not established a proper system of internal control that would have segregated key functions.

*Effect*

The failure to establish controls could have enabled misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the Department at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, misstatements in a timely manner.

*Recommendation*

We recommended that the Department establish a system of internal controls 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.



# Steuben County Emergency Medical Services

205 South Martha Street, Suite 100 Angola, Indiana 46703-1900



Emergency: 9-1-1  
Accounting: 260-668-1000/Ext. 3300  
Fax: 260-665-8368

## CORRECTIVE ACTION PLAN

### **FINDING 2017-002**

Contact Person Responsible for Corrective Action: Royal Kirkpatrick Steuben County EMS Director

Contact Phone Number: 260-668-1000 Ext 3340

Views of Responsible Official: The findings outlined and submitted to me from this audit are correct in its entirety and I concur with the finding.

### Description of Corrective Action Plan:

We have already implemented a corrective action plan. First, we have outsourced our billing to a company who specializes in medical billing, in particular E.M.S billing. Ambulance Billing Services Inc. located in Elkhart Indiana (Phone number 1-877-293-3535) for further inquiry if needed. Second, office staff and I have completed internal control training provided by Steuben County Human Resources Department. This training has further been mandated for all E.M.S personnel, current employees as well as new hires.

The billing service has taken over billing since July 2018. Accounts outstanding to this date are still handled at our location. Payments are accepted and a receipt is issued at that time. Funds collected are deposited into a back account at the close of business that day. There are approximately 300 open accounts that are being handled by our staff. The activity is reviewed by me as I am not directly involved in the record keeping.

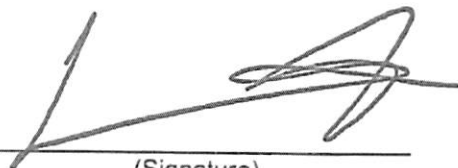
This is our immediate response and will reevaluated and improved as needed.

### Anticipated Completion Date:

November 11, 2018

*Ronald R. Smith*  
Commissioner President

*12-20-2018*

  
\_\_\_\_\_  
(Signature)

EMS Director  
\_\_\_\_\_  
(Title)

12/20/2018  
\_\_\_\_\_  
(Date)

BOARD OF COUNTY COMMISSIONERS  
STEUBEN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 20, 2018, with Ronald L. Smith, President of the Board of County Commissioners; Lynne Liechty, County Commissioner; James Crowl, County Commissioner; and Pat Kirkpatrick, County EMS Director.

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NORTHEAST INDIANA COMMUNITY CORRECTIONS  
STEUBEN COUNTY

NORTHEAST INDIANA COMMUNITY CORRECTIONS  
STEUBEN COUNTY  
FEDERAL FINDINGS

***FINDING 2017-003***

Subject: TANF Cluster - Eligibility  
Federal Agency: Department of Health and Human Services  
Federal Program: Temporary Assistance for Needy Families  
CFDA Number: 93.558  
Federal Award Numbers and Years (or Other Identifying Numbers): D12-16-106-TANF, D12-17-106-TANF  
Pass-Through Entity: Indiana Department of Corrections  
Compliance Requirement: Eligibility  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from immediately prior audit report. The prior year audit finding number was 2016-005.

*Condition*

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Eligibility compliance requirement.

The County implemented a procedure to determine eligibility for TANF participants. Per the procedure, the service provider was to determine eligibility for TANF participants and the County was to review the documentation provided by the service provider to verify eligibility. In 2017, less than half of the TANF participants' documentation could be located to perform the verification.

*Context*

The lack of effective internal controls was a systemic problem, which related to more than half of the TANF participants in 2017 and prevented the determination of the County's compliance with the eligibility requirements.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

NORTHEAST INDIANA COMMUNITY CORRECTIONS  
STEUBEN COUNTY  
FEDERAL FINDINGS  
(Continued)

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

*Cause*

The County had not established an effective system of internal controls that would have ensured documentation was maintained to support eligibility determinations.

*Effect*

The failure to establish an effective internal control system that would have ensured that supporting documentation was retained and available for audit prevented the determination of the County's compliance with the Eligibility compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the County's management establish to ensure that supporting documentation related to the Eligibility compliance requirement is maintained and made available for audit.

*Views of Responsible Officials*

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

**FINDING 2017-004**

Subject: TANF Cluster - Cash Management

Federal Agency: Department of Health and Human Resources

Federal Program: Temporary Assistance for Needy Families

CFDA Number: 93.558

Federal Award Numbers and Years (or Other Identifying Numbers): D12-16-106-TANF, D12-17-106-TANF

Pass-Through Entity: Indiana Department of Corrections

Compliance Requirement: Cash Management

Audit Findings: Material Weakness, Noncompliance

*Condition*

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Cash Management compliance requirement.

NORTHEAST INDIANA COMMUNITY CORRECTIONS  
STEUBEN COUNTY  
FEDERAL FINDINGS  
(Continued)

Reimbursement requests were prepared using a state-prepared workbook in Excel. The totals were automatically calculated upon entering information on an Excel worksheet in the Excel workbook. Administrative costs were calculated on the reimbursement requests at 14 percent; however, 4 percent of the administrative costs were not paid prior to the reimbursement request being submitted. The 4 percent was paid after the reimbursement was received.

*Context*

The lack of controls and the noncompliance were systemic issues throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.305(b) states in part:

"For non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means. . . ."

- (3) Reimbursement is the preferred method when the requirements in paragraph (b) cannot be met, when the Federal awarding agency sets a specific condition per § 200.207 Specific conditions, or when the non-Federal entity requests payment by reimbursement. This method may be used on any Federal award for construction, or if the major portion of the construction project is accomplished through private market financing or Federal loans, and the Federal award constitutes a minor portion of the project. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Cash Management compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the County at risk of noncompliance with the grant agreement and the Cash Management compliance requirement.

NORTHEAST INDIANA COMMUNITY CORRECTIONS  
STEUBEN COUNTY  
FEDERAL FINDINGS  
(Continued)

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the County's management establish controls related to the grant agreement and the Cash Management compliance requirement.

*Views of Responsible Officials*

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

# *Northeast Indiana Community Corrections*



104 East Gale Street, Suite A

Angola, Indiana 46703

Phone: (260) 668-4505

Fax: (260) 665-3000

Website: [www.sccommunitycorrections.com](http://www.sccommunitycorrections.com)

## CORRECTIVE ACTION PLAN

FINDING 2017-003

Contact Person Responsible for Corrective Action: Brett Hays  
Contact Phone Number: 260-668-1000 x5363

We concur with the finding.

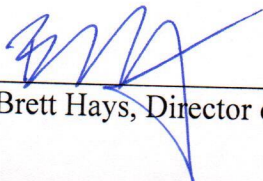
### Description of Corrective Action Plan:

CAVA completes initial eligibility screening and submits all documentation to NICC. NICC conducts an independent eligibility determination and relays findings to CAVA and the State. Services provided to non-eligible entities will not be reimbursed with TANF grant funds.

The MOU created outlining these activities will be updated to include a provision requiring CAVA to provide TANF eligibility documentation and other related data to NICC by the 10<sup>th</sup> of every month for the previous month.

All entities funded with EDS #D12-18-106-TANF funds will have their eligibility confirmed by NICC. Any discrepancies will be reported to the state.

Anticipated Completion Date: All calendar year 2018 entities will be reviewed prior to March 31, 2019

  
\_\_\_\_\_  
Brett Hays, Director of Northeast Indiana Community Corrections

# *Northeast Indiana Community Corrections*

104 East Gale Street, Suite A

Angola, Indiana 46703

Phone: (260) 668-4505

Fax: (260) 665-3000

Website: [www.sccommunitycorrections.com](http://www.sccommunitycorrections.com)



## CORRECTIVE ACTION PLAN

FINDING 2017-004

Contact Person Responsible for Corrective Action: Brett Hays  
Contact Phone Number: 260-668-1000 x5363

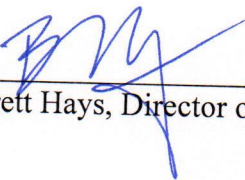
We concur with the finding.

Description of Corrective Action Plan:

All administrative expenses for NICC will be billed to the county prior to the county billing the state for reimbursement.

Unfortunately, with the state board of accounts audit happening almost one full calendar year behind, this finding will happen again for calendar year 2018.

Anticipated Completion Date: The change in process has been put in place as of December 13, 2018.

  
\_\_\_\_\_  
Brett Hays, Director of Northeast Indiana Community Corrections

NORTHEAST INDIANA COMMUNITY CORRECTIONS  
STEUBEN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 20, 2018, with Brett Hays, Executive Director of Northeast Indiana Community Corrections.