

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

PORTER COUNTY, INDIANA

January 1, 2018 to December 31, 2018



**FILED**  
06/24/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Vicki Urbanik	01-01-15 to 12-31-22
County Treasurer	Michelle Clancy	01-01-17 to 12-31-20
Clerk of the Circuit Court	Karen Martin Jessica Bailey	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Sheriff	David Reynolds David Lain	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Recorder	Jon C. Miller	01-01-15 to 12-31-22
President of the Board of County Commissioners	Jeff Good	01-01-18 to 12-31-19
President of the County Council	Andy Bozak Dan Whitten	01-01-18 to 12-31-18 01-01-19 to 12-31-19



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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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, 2018 to December 31, 2018. 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 Finding, identified in the above referenced audit report, is 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 Finding 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

May 9, 2019

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CLERK OF THE CIRCUIT COURT  
PORTER COUNTY

CLERK OF THE CIRCUIT COURT  
PORTER COUNTY  
FEDERAL FINDING

***FINDING 2018-001***

Subject: Child Support Enforcement - Allowable Costs/Cost Principles

Federal Agency: Department of Health and Human Services

Federal Program: Child Support Enforcement

CFDA Number: 93.563

Federal Award Numbers and Years (or Other Identifying Numbers): Circuit Court, County Clerk, County Prosecutor, Indirect Costs

Pass-Through Entity: Indiana Department of Child Services

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Modified Opinion

*Condition*

An effective internal control system was not in place at the Clerk of the Circuit Court's (Clerk) office, the County Prosecuting Attorney's (Prosecutor) office, and County Auditor's office (Auditor) in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Clerk*

Personal services amounts were reported on the Monthly Expense Claim for Title IV-D Expenditures. The Clerk's employees maintained a Personal Activity Report for their hours spent on child support activities, which was the base amount used to calculate the number of IV-D hours. The child support hours reported were based on a time study performed quarterly for each employee. The Clerk did not retain the supporting documentation for the first three quarters of 2018. Therefore, we were unable to determine compliance with the Allowable Costs/Cost Principles compliance requirement.

These errors resulted in known questioned costs of \$40,460.

*Prosecutor*

Personal services amounts were reported on the Monthly Expense Claim for Title IV-D Expenditures. The Prosecutor's office claimed one employee's portion of the gross pay, without any supporting documentation for the time spent on child support program activities. Therefore, we were unable to determine compliance with the Allowable Costs/Cost Principles compliance requirement.

The Prosecutor failed to comply with the Allowable Costs/Cost Principles compliance requirement for telephone and postage costs. The costs were reimbursed to the Prosecutor; however, those costs were also included in the Cost Allocation Plan for indirect costs of the Child Support Enforcement program. Based on a recommendation from the Indiana Department of Child Services, the Prosecutor's office stopped requesting postage and telephone on the Monthly Expense Claims starting in August 2018.

These errors resulted in known questioned costs of \$16,387.

In March 2018, the Indiana Department of Child Services conducted a Quality Assurance Review of the child support enforcement procedures for the year 2017. Their review reported some of the issues described above.

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

*Auditor*

A consultant prepared the County-Wide Central Services Cost Allocation Plan (CAP) for indirect costs charged to the program. Allowable expenditures of the County departments were allocated based on available, meaningful, and auditable allocation statistics that match the service provided to the service received.

Instances occurred when the incorrect allocation basis units were used in the CAP. The number of non-salary financial transactions had not been updated from the prior year's CAP. Square footage was not updated from a prior year's CAP. These errors affected multiple departments and resulted in net decreases to the indirect costs allowed by the County. The consultant subsequently prepared a revised CAP with the applicable corrections.

*Context*

The lack of controls, noncompliance, and failure to retain appropriate documentation to support compliance were systemic issues throughout the audit period.

The lack of controls for the allocation basis was a systemic issue throughout the audit period. The noncompliance for the indirect costs was isolated to the allocation basis and to those departments affected by the errors.

*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 200.333 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. . . ."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

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

- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost. . . .
- (g) Be adequately documented. . . ."

Appendix V to Part 200 states in part:

"Most governmental units provide certain services, such as motor pools, computer centers, purchasing, accounting, etc., to operating agencies on a centralized basis. Since federally-supported awards are performed within the individual operating agencies, there needs to be a process whereby these central service costs can be identified and assigned to benefitted activities on a reasonable and consistent basis. The central service cost allocation plan provides that process. All costs and other data used to distribute the costs included in the plan should be supported by formal accounting and other records that will support the propriety of the costs assigned to Federal awards. . . ."

*Cause*

The County had not developed a system of internal controls that would have ensured compliance and ensured that adequate supporting documentation was maintained and available for audit regarding compliance with the Allowable Costs/Cost Principles compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement could have resulted in the loss of federal funds to the County. Additionally, the failure to retain and provide appropriate supporting documentation prevented the determination of the County's compliance with the Allowable Costs/Cost Principles compliance requirement.

*Questioned Costs*

Known question costs of \$56,847 were identified as detailed in the *Condition*.

*Recommendation*

We recommended that the County's management establish controls to ensure compliance and comply with the Allowable Costs/Cost Principles compliance requirement. Additionally, we recommended that management of the County establish controls to ensure supporting documentation will be maintained and 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.

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

*Auditor's Response*

Our tests of the allowable costs/cost principles requirements resulted in the revision of the cost allocation plan by the consultant in two separate instances. These compliance issues regarding the basis used for the cost allocation plan were not detected by the County during their internal control procedures. Therefore, we determined that the internal controls over the basis were not effective and there was a reasonable possibility that material noncompliance occurred and was not prevented, detected, or corrected, on a timely basis.

COUNTY - PORTER



Porter County  
Clerk's Office  
16 Lincolnway • Suite 209  
Valparaiso, Indiana 46383

**Jessica A Bailey**  
Clerk of the Circuit and Superior Courts

Telephone  
(219) 465-3450

CORRECTIVE ACTION PLAN

**FINDING 2018-001**

Contact Person Responsible for Corrective Action: Jessica Bailey  
Contact Phone Number: 219-465-3463

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Shortly after taking office in 2019 I instructed the Accounting Coordinator, who oversees the Monthly Expense Claim for Title IV-D, to begin working with Dossett Consulting to coordinate a time study. This time study will determine the Personal Activity Report for Clerk staff. These time studies are scheduled to be completed one time each quarter for a two-week time span. Copies of the time study are currently and will continue to be sent electronically to Dossett Consulting creating a paper trail for future needs as well as stored electronically on the Porter County computer system.

Anticipated Completion Date: Already Underway

(Signature)

Clerk of the Circuit and Superior Courts

(Title)

(Date)

*Porter County is an equal opportunity employer and does not discriminate on the basis of race, color, religion, sex, age, national origin, disability, military status, genetic testing, pregnancy, sexual orientation or any other unlawful bias.*

CLERK OF THE CIRCUIT COURT  
PORTER COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on May 9, 2019, with Jessica Bailey, Clerk of the Circuit Court; Kathy Hartwig, Chief Deputy Clerk of the Circuit Court; and Jacalyne Haney, Accounting Coordinator.

The contents of this report were discussed on May 9, 2019, with Vicki Urbanik, County Auditor; Michelle Clancy, County Treasurer; Jim Biggs, County Commissioner; Scott McClure, County Attorney; Toni Downing, Chief Deputy Auditor; and Tiffany Johnson, Budget and Finance Director.

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COUNTY PROSECUTING ATTORNEY  
PORTER COUNTY

COUNTY PROSECUTING ATTORNEY  
PORTER COUNTY  
FEDERAL FINDING

***FINDING 2018-001***

Subject: Child Support Enforcement - Allowable Costs/Cost Principles

Federal Agency: Department of Health and Human Services

Federal Program: Child Support Enforcement

CFDA Number: 93.563

Federal Award Numbers and Years (or Other Identifying Numbers): Circuit Court, County Clerk, County Prosecutor, Indirect Costs

Pass-Through Entity: Indiana Department of Child Services

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Modified Opinion

*Condition*

An effective internal control system was not in place at the Clerk of the Circuit Court's (Clerk) office, the County Prosecuting Attorney's (Prosecutor) office, and County Auditor's office (Auditor) in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Clerk*

Personal services amounts were reported on the Monthly Expense Claim for Title IV-D Expenditures. The Clerk's employees maintained a Personal Activity Report for their hours spent on child support activities, which was the base amount used to calculate the number of IV-D hours. The child support hours reported were based on a time study performed quarterly for each employee. The Clerk did not retain the supporting documentation for the first three quarters of 2018. Therefore, we were unable to determine compliance with the Allowable Costs/Cost Principles compliance requirement.

These errors resulted in known questioned costs of \$40,460.

*Prosecutor*

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The Prosecutor failed to comply with the Allowable Costs/Cost Principles compliance requirement for telephone and postage costs. The costs were reimbursed to the Prosecutor; however, those costs were also included in the Cost Allocation Plan for indirect costs of the Child Support Enforcement program. Based on a recommendation from the Indiana Department of Child Services, the Prosecutor's office stopped requesting postage and telephone on the Monthly Expense Claims starting in August 2018.

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In March 2018, the Indiana Department of Child Services conducted a Quality Assurance Review of the child support enforcement procedures for the year 2017. Their review reported some of the issues described above.

COUNTY PROSECUTING ATTORNEY  
PORTER COUNTY  
FEDERAL FINDING  
(Continued)

*Auditor*

A consultant prepared the County-Wide Central Services Cost Allocation Plan (CAP) for indirect costs charged to the program. Allowable expenditures of the County departments were allocated based on available, meaningful, and auditable allocation statistics that match the service provided to the service received.

Instances occurred when the incorrect allocation basis units were used in the CAP. The number of non-salary financial transactions had not been updated from the prior year's CAP. Square footage was not updated from a prior year's CAP. These errors affected multiple departments and resulted in net decreases to the indirect costs allowed by the County. The consultant subsequently prepared a revised CAP with the applicable corrections.

*Context*

The lack of controls, noncompliance, and failure to retain appropriate documentation to support compliance were systemic issues throughout the audit period.

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*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). . . ."

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COUNTY PROSECUTING ATTORNEY  
PORTER COUNTY  
FEDERAL FINDING  
(Continued)

- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
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Appendix V to Part 200 states in part:

"Most governmental units provide certain services, such as motor pools, computer centers, purchasing, accounting, etc., to operating agencies on a centralized basis. Since federally-supported awards are performed within the individual operating agencies, there needs to be a process whereby these central service costs can be identified and assigned to benefitted activities on a reasonable and consistent basis. The central service cost allocation plan provides that process. All costs and other data used to distribute the costs included in the plan should be supported by formal accounting and other records that will support the propriety of the costs assigned to Federal awards. . . ."

*Cause*

The County had not developed a system of internal controls that would have ensured compliance and ensured that adequate supporting documentation was maintained and available for audit regarding compliance with the Allowable Costs/Cost Principles compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement could have resulted in the loss of federal funds to the County. Additionally, the failure to retain and provide appropriate supporting documentation prevented the determination of the County's compliance with the Allowable Costs/Cost Principles compliance requirement.

*Questioned Costs*

Known question costs of \$56,847 were identified as detailed in the *Condition*.

*Recommendation*

We recommended that the County's management establish controls to ensure compliance and comply with the Allowable Costs/Cost Principles compliance requirement. Additionally, we recommended that management of the County establish controls to ensure supporting documentation will be maintained and 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.

COUNTY PROSECUTING ATTORNEY  
PORTER COUNTY  
FEDERAL FINDING  
(Continued)

*Auditor's Response*

Our tests of the allowable costs/cost principles requirements resulted in the revision of the cost allocation plan by the consultant in two separate instances. These compliance issues regarding the basis used for the cost allocation plan were not detected by the County during their internal control procedures. Therefore, we determined that the internal controls over the basis were not effective and there was a reasonable possibility that material noncompliance occurred and was not prevented, detected, or corrected, on a timely basis.

PORTER COUNTY PROSECUTING ATTORNEY

OFFICE OF CHILD SUPPORT ENFORCEMENT

157 S. Franklin  
Valparaiso, Indiana 46383  
Phone: 219-465-3405/Fax: 219-465-3689  
Email: [childsupport@porterco.org](mailto:childsupport@porterco.org)  
Website: [www.porterco.org](http://www.porterco.org)

Gary S. Germann  
Prosecuting Attorney

Laura A. Bernacki Stafford  
Child Support Director

**CORRECTIVE ACTION PLAN**

***FINDING 2018-001***

Contact Person Responsible for Corrective Action: Laura A. Bernacki Stafford, IVD Director/DPA  
Contact Phone Number: 219-465-3405

Views of the Official: We concur with the findings with regard to the Prosecutor.

Description of Corrective Action Plan:


1. With regard to the concerns about supporting documentation, that employee is no longer employed by the Prosecutor's Office. In addition, effective January 1, 2019, there are no employees in the Prosecutor's Office performing IVD duties that are not 100% IVD.

Anticipated Completion Date: Already completed effective January 1, 2019.

2. With regard to the telephone and postage costs, once it was determined that these costs were being included in the indirect costs, the Prosecutor's Office stopped claiming them as direct costs starting in August 2018.

Anticipated Completion Date: Already completed effective August 1, 2018.

  
\_\_\_\_\_  
Laura A Bernacki Stafford  
IVD Director

  
\_\_\_\_\_  
Gary S. Germann  
Elected Prosecutor

May 8, 2019

COUNTY PROSECUTING ATTORNEY  
PORTER COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on May 9, 2019, with Vicki Urbanik, County Auditor; Michelle Clancy, County Treasurer; Jim Biggs, County Commissioner; Scott McClure, County Attorney; Toni Downing, Chief Deputy Auditor; and Tiffany Johnson, Budget and Finance Director.

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COUNTY AUDITOR  
PORTER COUNTY

COUNTY AUDITOR  
PORTER COUNTY  
FEDERAL FINDING

***FINDING 2018-001***

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Federal Agency: Department of Health and Human Services

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CFDA Number: 93.563

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COUNTY AUDITOR  
PORTER COUNTY  
FEDERAL FINDING  
(Continued)

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COUNTY AUDITOR  
PORTER COUNTY  
FEDERAL FINDING  
(Continued)

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*Cause*

The County had not developed a system of internal controls that would have ensured compliance and ensured that adequate supporting documentation was maintained and available for audit regarding compliance with the Allowable Costs/Cost Principles compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement could have resulted in the loss of federal funds to the County. Additionally, the failure to retain and provide appropriate supporting documentation prevented the determination of the County's compliance with the Allowable Costs/Cost Principles compliance requirement.

*Questioned Costs*

Known question costs of \$56,847 were identified as detailed in the *Condition*.

*Recommendation*

We recommended that the County's management establish controls to ensure compliance and comply with the Allowable Costs/Cost Principles compliance requirement. Additionally, we recommended that management of the County establish controls to ensure supporting documentation will be maintained and 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.

COUNTY AUDITOR  
PORTER COUNTY  
FEDERAL FINDING  
(Continued)

*Auditor's Response*

Our tests of the allowable costs/cost principles requirements resulted in the revision of the cost allocation plan by the consultant in two separate instances. These compliance issues regarding the basis used for the cost allocation plan were not detected by the County during their internal control procedures. Therefore, we determined that the internal controls over the basis were not effective and there was a reasonable possibility that material noncompliance occurred and was not prevented, detected, or corrected, on a timely basis.



Vicki Urbanik, CPA, CGFM  
Auditor

(219) 465-3445

## CORRECTIVE ACTION PLAN

### ***FINDING 2018-001 (Auditor portion)***

Contact Person Responsible for Corrective Action: Vicki Urbanik, Porter County Auditor  
Contact Phone Number: 219-465-3350

### **Views of Responsible Official:**

With one exception, audits of Porter County since at least 2013 have included a finding that the county lacks internal controls over its Cost Allocation Plan (CAP), which is prepared by a contracted firm (Dossett Consulting LLC). We take audit findings very seriously, and in every year since taking office, my team and I have placed a priority on implementing and strengthening internal controls in various aspects of the Auditor's Office. The CAP has been no exception.

Although there were no audit findings affecting the Auditor's Office in 2018, our office nonetheless implemented additional controls over the CAP by developing a "Cost Allocation Plan Auditor Review Worksheet." This worksheet is intended to provide consistency with our reviews of the CAP each year and is based largely on feedback provided by the SBOA audit teams. It has always been our understanding that we are not expected to verify every figure contained in the CAP, but to provide a review to give reasonable assurance that the plan is materially correct. (A typed version of the 2018 worksheet is included in this Corrective Action Plan).

Because we have taken steps to improve our annual review of the CAP each year, we disagree with the audit finding that we lack internal controls over the CAP. We do not believe that the discrepancies noted in the finding rise to the level of a material weakness in our internal controls.

The Auditor portion of Finding 2018-001 found that the consultant did not update the non-salary financial transactions or the square footage from a prior year CAP. The finding also notes that the consultant prepared a revised CAP with the applicable corrections during the audit process.

### ***Square Footage and Transactions***

As noted in our worksheet, allocation basis units pertaining to Auditor claims and payroll, IT computer units, and print shop output were reviewed to determine if the figures were updated and if not, if they needed to be. Building square footage was not selected for the worksheet review, but in order to prepare this Corrective Action Plan, I reviewed those figures.

The square footage discrepancy appears to be limited to two figures found in the CAP's allocation for the County Commissioners II cost center, specifically, for the Courthouse and the Annex facilities. Dossett's source document shows that total allocation amounts for the Courthouse and Annex should be 27,759 and 12,768 respectively. These are, in fact, the allocation amounts found elsewhere in the CAP, specifically, for the Jail general fund, the Cumulative Capital Development fund, the Jail Building Lease fund, and equipment and building depreciation.

What appears to have happened in the County Commissioners II schedule (page 104) is that Dossett transferred the "All Other Departments" figure contained in his source document to the same category in the CAP, without including the Juvenile Probation square footage that is separately listed in the source document. A similar omission can be found in the Courthouse allocations (page 103): Both the source document and the CAP have an "All Other Departments" category, but the source document contains additional square footage for the courts that was omitted in the CAP. The omissions resulted in two lower square footage figures in the Commissioners II schedule than in the other schedules.

The audit finding noted that square footage had not been updated from a prior CAP. Dossett annually meets with the Facilities Department as part of the CAP preparation. Facilities staff confirmed that they provide Dossett with square footage on a building by building basis. The square footage has been unchanged for the years in question (calendar years 2015 and 2016). In fact, a quick review of the 2012 CAP for use in 2014 shows the same square footage units were used then. This is not unexpected, since the overall building square footage for the facilities in the CAP have been unchanged.

Regarding the non-salary transaction amounts being duplicated from 2015 to 2016, it appears the discrepancy is in the postage allocations in the Commissioners' General Fund expenditures (page 93). The total number of A/P transactions did change from the prior year, from 32,734 transactions in 2015 to 32,755 in 2016. However, the "All Other Departments" figure stayed the same between the two years, which would be a highly unlikely. After the correction was made, the "All Other Departments" total was adjusted to 23,671, resulting in a total of 26,899 units.

While we need more information to know exactly how the square footage and A/P adjustments impacted the CAP, we do question if the changes were material. It appears that the total allocation for the postage, after the correction, went from 203,528 to 203,584. The total square footage cost allocations went from \$527,877 to \$528,038 (Courthouse) and from \$127,082 to \$127,120 (Annex).

#### **Description of Corrective Action Plan:**

We will continue to conduct our analysis using our "CAP Auditor Review Worksheet," expanding the review over the allocation basis units, and refining the worksheet as needed. We will conduct our review prior to the CAP's submission. We will document initial discrepancies and the consultant's responses. We will also meet with the consultant to jointly sign a new attestation checklist. While staffing and time limitations will not allow us to request and review all of the consultant's work files, we will provide a review that gives us reasonable assurance that the plan is generally accurate and complete.

**Anticipated Completion Date:** For expenditures for the year ending 2018 for use beginning Jan. 1, 2019.

Vicki Urbanik

(Signature)

Porter County Auditor

(Title)

May 9, 2019

(Date)

COUNTY AUDITOR  
PORTER COUNTY  
AUDIT RESULTS AND COMMENTS

**OVERDRAWN CASH BALANCES**

The financial statement presented in the Financial Statement and Federal Single Audit Report of the County included the Domestic Violence and 15.916 LWCF-PK 2018 funds with overdrawn cash balances at December 31, 2018, of \$87,765 and \$4,664, respectively.

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. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

**TRAINING AND CERTIFICATION ON INTERNAL CONTROL STANDARDS**

The County Auditor certified that all personnel defined by Indiana Code 5-11-1-27(c) received training concerning the internal control standards adopted by the unit. However, the County failed to provide documented training for newly hired personnel in 2018.

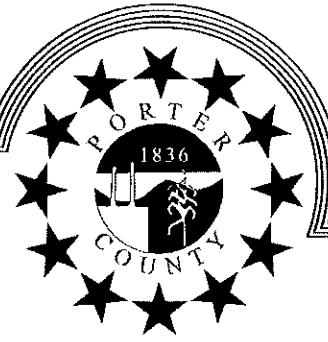
Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."



Vicki Urbanik, CPA, CGFM  
Auditor

(219) 465-3445

May 16, 2019

Porter County Audit Results and Comments  
OFFICIAL RESPONSE

Below is our response to the two results in the Porter County audit for the year ending 2018.

**Overdrawn Cash Balances**

Two overdrawn cash balances are for reimbursable federal grants: Domestic Violence (VOCA) managed by the Prosecutor's Office and 15.916 LWCF—Pk 2018 managed by the Parks Department.

*VOCA grant:* The negative balances in this fund have been the subject of a number of discussions between the Auditor's Office and the Prosecutor's Office, including an extensive meeting with the former Prosecutor and his staff members on Sept. 19, 2018. The negative balance exists because the Prosecutor's Office has not been fully reimbursed for all expenditures out of this fund for a number of years. As stipulated in the grant, employee insurance costs provided the required cash match. The Prosecutor's Office ceased using insurance costs as the match after the grant agency requested health insurance expenditure details that could not be provided satisfactorily. Further, the Prosecutor's Office did not claim insurance costs for reimbursement for one grant-funded employee who did not take the county's health insurance, even though appropriations in the adopted VOCA budget were drawn for deposit in the county's self-insurance fund.

Our office recently conducted a detailed analysis of prosecutor funds, which will help determine which fund could be used to reimburse the VOCA grant fund for the unreimbursed amounts. We anticipate that the Prosecutor will request County Council approval in June for the necessary interfund transfer.

*Park grant:*

The overdrawn cash balance occurred because the Parks Department submitted a \$5,000 claim for architectural and general contracting services that was deemed ineligible for grant reimbursement. Our office was notified of the rejection after the start of 2019, when we received a DNR letter confirming the ineligibility. The Parks Department is expected to be on the County Council's June agenda for the interfund transfer.

## Internal Control Training

Our office is very much committed to providing meaningful and ongoing internal control training to supervisors and employees. We did not coordinate internal control trainings in 2018 for two main reasons. First, to the best of our knowledge, only one supervisory position changed in 2018; the number of new employees with financial responsibilities was minimal. With an impending midterm election that involved open seats, it was guaranteed that Porter County government would get new office holders, and potentially new chief deputies, after the start of the new year. Our plan was to provide the trainings sometime in 2019 for these new office holders and employees.

It should be noted, however, that in 2018, our office provided a number of training sessions, both in group and in individual settings, on our county's new timekeeping system. The transition to the county's first-ever comprehensive timekeeping system was a major new endeavor that occupied, and continues to occupy, a great deal of our staff resources. Admittedly, this training was not labeled "internal control" training, but compliance with the timekeeping policy is a major internal control of its own.



Vicki Urbanik  
Porter County Auditor

COUNTY AUDITOR  
PORTER COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on May 9, 2019, with Vicki Urbanik, County Auditor; Michelle Clancy, County Treasurer; Jim Biggs, County Commissioner; Scott McClure, County Attorney; Toni Downing, Chief Deputy Auditor; and Tiffany Johnson, Budget and Finance Director.