

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WHITLEY COUNTY, INDIANA

January 1, 2018 to December 31, 2018



FILED
07/23/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Jana L. Schinbeckler	01-01-15 to 12-31-22
County Treasurer	Laurell E. Schroeder	01-01-17 to 12-31-20
Clerk of the Circuit Court	Deborah S. Beers Cindy Doolittle	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Sheriff	Marcus E. Gatton	01-01-15 to 12-31-22
County Recorder	April D. Whetstone Rosemary Brown	01-01-15 to 12-31-18 01-01-19 to 12-31-22
President of the Board of County Commissioners	George A. Schrumpf	01-01-18 to 12-31-19
President of the County Council	Thor Hodges	01-01-18 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of Whitley 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 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/.

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

June 24, 2019

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COUNTY SHERIFF
WHITLEY COUNTY

COUNTY SHERIFF
WHITLEY COUNTY
AUDIT RESULTS AND COMMENTS

FAILURE TO REPORT MISAPPROPRIATION OF PUBLIC FUNDS

The County Sheriff failed to immediately report misappropriation (theft) of public funds to the Indiana State Board of Accounts (SBOA) as required by state statute. A written notice of the theft was never sent to the SBOA; however, verbal notice was given to Field Examiners on site approximately one year after the theft was discovered. Per the Matron, the Inmate Trust bank account was compromised in March and April 2018. An inmate obtained the bank account and routing numbers from the check that he was issued upon release and used the account to make fraudulent online payments on personal accounts. The funds, in the amount of \$2,162, were returned by the bank. The County Sheriff changed bank accounts and implemented a debit release card system to prevent a recurrence of the problem.

Indiana Code 5-11-1-27 states in part:

". . . (j) All erroneous or irregular material variances, losses, shortages, or thefts of political subdivision funds or property shall be reported immediately to the state board of accounts. For all material variances, losses, shortages, or thefts, the state board of accounts shall:

- (1) determine the amount of funds involved and report the amount to the appropriate government and law enforcement officials;
- (2) determine the internal control weakness that contributed to or caused the condition; and
- (3) make written recommendations to the appropriate legislative body or appropriate official overseeing the internal control system addressing:
 - (A) the method of correcting the condition; and
 - (B) the necessary internal control policies and internal control procedures that must be modified to prevent a recurrence of the condition.

COUNTY SHERIFF
WHITLEY COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

(k) The legislative body or the appropriate official overseeing the internal control system shall immediately implement the policies and procedures recommended by the state board of accounts under subsection (j)(3)(B).

(l) A public officer who has actual knowledge of or reasonable cause to believe that there has been a misappropriation of public funds or assets of the public office, including:

- (1) information obtained as a result of a police report;
- (2) an internal audit finding; or
- (3) another source indicating that a misappropriation has occurred;

shall immediately send written notice of the misappropriation to the state board of accounts and the prosecuting attorney serving in the area governed by the political subdivision. . . ."

CONDITION OF RECORDS - SHERIFF'S INMATE TRUST FUND

The various amounts that made up the balance in the Inmate Trust fund did not reconcile to the Sheriff's Inmate Trust fund control ledger at December 31, 2018. The individual/subsidiary amounts in the fund totaled \$42,127. The control ledger balance was \$65,864. The difference of \$23,737 is considered unidentified excess funds on the control ledger.

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 Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY SHERIFF
WHITLEY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 26, 2019, with Marcus E. Gatton, County Sheriff; George A. Schrupf, President of the Board of County Commissioners; Don Amber, County Commissioner; and Thomas Western, County Commissioner.

BOARD OF COUNTY COMMISSIONERS
WHITLEY COUNTY

BOARD OF COUNTY COMMISSIONERS
WHITLEY COUNTY
AUDIT RESULT AND COMMENT

POLICY ESTABLISHING MATERIALITY THRESHOLD

The County did not establish a materiality threshold policy for reporting irregular variances, losses, shortages, and thefts.

Each political subdivision must develop their own policy on materiality because the causes of irregular variances, losses, shortages, and thefts are as broad and varied as the political subdivisions in which the incidents occur. (The County Bulletin and Uniform Compliance Guidelines, January 2016)

BOARD OF COUNTY COMMISSIONERS
WHITLEY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 24, 2019, with George A. Schrupf, President of the Board of County Commissioners, and Thomas Western, County Commissioner.