

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CLINTON COUNTY, INDIANA

January 1, 2018 to December 31, 2018



**FILED**  
07/24/2019



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Cathy J. Hamilton Britt A. Ostler	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Treasurer	Carol J. Bartley	01-01-17 to 12-31-20
Clerk of the Circuit Court	Sherri Crews Rhea A. Harris	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Sheriff	Jeff Ward Rich Kelly	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Recorder	Elizabeth J. Keeney	01-01-17 to 12-31-20
President of the Board of County Commissioners	Scott Shoemaker Josh Uitts	01-01-17 to 12-31-17 01-01-18 to 12-31-19
President of the County Council	Alan Dunn	01-01-16 to 12-31-19



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF CLINTON COUNTY, INDIANA

This report is supplemental to our audit report of Clinton 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 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

July 1, 2019

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COUNTY AUDITOR  
CLINTON COUNTY

COUNTY AUDITOR  
CLINTON COUNTY  
FEDERAL FINDING

**FINDING 2018-001**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness, Noncompliance

*Condition*

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

Although the County had established internal controls over the federal award information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the SEFA, the controls failed to detect material errors contained in the SEFA.

*Context*

The SEFA presented for audit contained the following errors:

1. The Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii program was understated by \$289,805.
2. The PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds program was understated by \$7,457.
3. Not all CFDA numbers and program names were correct, nor were all of grants included on the schedule.

Audit adjustments were proposed, accepted by the County, and made to the SEFA.

*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.

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  
CLINTON COUNTY  
FEDERAL FINDING  
(Continued)

2 CFR 200.508 states in part:

"The auditee must: . . .

(b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within a cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

*Cause*

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

COUNTY AUDITOR  
CLINTON COUNTY  
FEDERAL FINDING  
(Continued)

*Effect*

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

*Recommendation*

We recommended that the County's management establish controls related to the preparation of the SEFA.

*Views of Responsible Officials*

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



# Clinton County Auditor

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Frankfort, Indiana 46041-1995  
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## Corrective Action Plan

Finding 2018-001

Britt A. Ostler  
765-659-6330

Views of Responsible Official:

We are in agreement with the finding.

Description of Corrective Action Plan:

Next year we will document when reviewed by the First Deputy by signing and dating.

We now realize we need to report all federal grants, even when we are only used as the flow through for the grant.

Anticipated Complete Date:  
12/31/2019

Britt A. Ostler  
(Signature)

Auditor  
(Title)

7/1/19  
(Date)

COUNTY AUDITOR  
CLINTON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 1, 2019, with Alan Dunn, President of the County Council; Britt A. Ostler, County Auditor; and Cathy J. Hamilton, former County Auditor and current Deputy County Auditor.