

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CLARK COUNTY, INDIANA

January 1, 2018 to December 31, 2018



FILED
08/09/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	R. Monty Snelling Danny Yost	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Treasurer	David J. Reinhardt R. Monty Snelling	01-01-15 to 12-31-18 01-01-19 to 12-31-22
Clerk of the Circuit Court	Susan Popp	01-01-15 to 12-31-22
County Sheriff	Jamey Noel	01-01-15 to 12-31-22
County Recorder	Zach Payne Terry E. Conway	01-01-15 to 12-31-18 01-01-19 to 12-31-22
President of the Board of County Commissioners	Jack Coffman	01-01-18 to 12-31-19
President of the County Council	Barbara Hollis	01-01-18 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 CLARK COUNTY, INDIANA

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

The Federal Findings, identified in the above referenced audit report, are 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 Findings 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

July 10, 2019

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COUNTY AUDITOR
CLARK COUNTY

COUNTY AUDITOR
CLARK COUNTY
FEDERAL FINDINGS

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).

The County had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's SEFA. One employee prepared the federal award information entered into Gateway without a control to prevent, or detect and correct, errors prior to submission.

Context

The SEFA contained the following errors:

1. Eleven grant awards were incorrectly reported, resulting in the understatement of expenditures in the amount of \$165,509.
2. Eleven grant awards were incorrectly reported, resulting in an overstatement of expenditures in the amount of \$151,679.
3. Four grants were omitted, resulting in an understatement of expenditures in the amount of \$45,881.
4. There were several instances in which the pass-through entity, program name, or project number were incorrect.

The net amount of errors resulted in an understatement in the reported total federal awards expended of \$59,711.

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.

COUNTY AUDITOR
CLARK COUNTY
FEDERAL FINDINGS
(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. . . ."

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 the 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."

COUNTY AUDITOR
CLARK COUNTY
FEDERAL FINDINGS
(Continued)

Cause

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

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.

FINDING 2018-002

Subject: Internal Controls over Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Condition

The County did not have a proper system of internal control in place over financial transactions and reporting to prevent, or detect and correct, errors on the financial statement. Due to the lack of controls over the input of financial information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the Annual Financial Report (AFR) and the financial statement, material errors remained undetected.

Context

The departmental financial activity of the County Sheriff, Clerk of the Circuit Court, County Treasurer, and Landfill Trust were not reported, resulting in the understatement of the beginning cash and investment balance of \$9,216,666, receipts of \$19,917,948, disbursements of \$18,419,806, and ending cash and investment balance of \$10,714,808.

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

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:

COUNTY AUDITOR
CLARK COUNTY
FEDERAL FINDINGS
(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. . . ."

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](#)."

Cause

Management of the County had not established a proper system of internal control.

Effect

The failure to establish controls enabled misstatements or irregularities to remain undetected.

Recommendation

We recommended that the County 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.

FINDING 2018-003

Subject: Internal Controls over Financial Transactions and Reporting - Payroll Withholdings
Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Finding 2017-001 from the immediately prior audit.

COUNTY AUDITOR
CLARK COUNTY
FEDERAL FINDINGS
(Continued)

Condition

The County did not have controls in place to reconcile the balance of its various payroll withholding accounts with supporting records. As a result of not performing reconciliation procedures, there were withholding accounts that incorrectly reported deficit balances at year end or had balances reported at year end that were in excess of the actual amounts owed. The failure to properly record and reconcile the withholding funds also resulted in a number of errors in recording transactions that went uncorrected and resulted in bank reconciliation variances.

Context

The lack of controls was a systemic issue throughout the audit period. The failure to properly reconcile the withholding accounts resulted in errors that were not identified until bank reconciliations were performed. Once the errors were identified during the bank reconciliation, the errors were not corrected in a timely manner.

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. . . ."

Cause

Management of the County had not established a proper system of internal control.

Effect

The failure to establish controls enabled misstatements or irregularities to remain undetected and identified errors to not be corrected in a timely manner.

COUNTY AUDITOR
CLARK COUNTY
FEDERAL FINDINGS
(Continued)

Recommendation

We recommended that the County establish a system of internal controls related to financial transactions and reporting of payroll and its related withholdings.

Views of Responsible Officials

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



DANNY YOST

CLARK COUNTY AUDITOR

501 E. Court Avenue, Room 118
Jeffersonville, IN 47130-4090
(812) 285-6211
Fax (812) 285-6216

CORRECTIVE ACTION PLAN

FINDING 2018-001

Danny Yost
(812) 285-6221

We concur with this finding:

The Auditor's Office will implement a system of dual control to prevent, detect, and correct errors made during entry into Gateway. We will assign a second employee to verify all data and information gathered and entered into Gateway before submission. The second employee will have the responsibility of verifying and comparing the information, as well as addressing any errors found. The Auditor's Office will maintain a level of segregation throughout the process of uploading and entering information into Gateway. One employee will no longer be in sole control of these responsibilities from start to finish.

The Auditor's Office will immediately implement this system of dual control as of July 10, 2019.

Dy Y

Auditor

7-10-19



DANNY YOST

CLARK COUNTY AUDITOR

501 E. Court Avenue, Room 118
Jeffersonville, IN 47130-4090
(812) 285-6211
Fax (812) 285-6216

CORRECTIVE ACTION PLAN

FINDING 2018-002

Danny Yost
(812) 285-6221

We concur with this finding:

The Auditor's Office will implement a system of dual control to prevent, detect, and correct errors made during entry into Gateway. We will assign a second employee to verify all data and information gathered and entered into Gateway before submission. The second employee will have the responsibility of verifying and comparing the information, as well as addressing any errors found. The Auditor's Office will maintain a level of segregation throughout the process of uploading and entering information into Gateway. One employee will no longer be in sole control of these responsibilities from start to finish.

The Auditor's Office will immediately implement this system of dual control as of July 10, 2019.

Danny Yost
Auditor
7-10-19



DANNY YOST

CLARK COUNTY AUDITOR

501 E. Court Avenue, Room 118
Jeffersonville, IN 47130-4090
(812) 285-6211
Fax (812) 285-6216

CORRECTIVE ACTION PLAN

FINDING 2018-003

Danny Yost
(812) 285-6221

We concur with this finding:

The Auditor's Office was made aware of this issue, and immediately put a plan in place to prevent these issues from continuing. We have added an additional layer of controls by segregating the process from start to finish. One employee will no longer have sole control over these procedures. Not only have we added a second Auditor's Office employee to this process, we are now working with the Human Resources Director. Three employees from two separate offices are working together to compile, verify, reconcile, and process the data and information within the accounts.

The Auditor's Office implemented this system of controls beginning January 2019.

Danny F. Yost

Auditor

July 10, 2019

COUNTY AUDITOR
CLARK COUNTY
AUDIT RESULT AND COMMENT

CERTIFICATION ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Reports B52186 and B52204.

The County certified on Indiana Gateway for Government Units financial reporting system that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning internal control standards adopted by the County; however, during the course of the engagement it was determined that not all personnel hired after 2016 had received the required training.

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 report 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](#)."

COUNTY AUDITOR
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 10, 2019, with R. Monty Snelling, former County Auditor; Danny Yost, County Auditor; Jack Coffman, President of the Board of County Commissioners; Steve Doherty, County Council member; R. Scott Lewis, County Attorney; and Jessica Huffman, Chief Deputy County Auditor.

BOARD OF COUNTY COMMISSIONERS
CLARK COUNTY

BOARD OF COUNTY COMMISSIONERS
CLARK COUNTY
AUDIT RESULT AND COMMENT

TRAINING ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Reports B52186 and B52204.

The County failed to ensure that all required personnel received the training over the internal control standards adopted as required by Indiana Code 5-11-1-27(g).

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

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

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."



BOARD OF COMMISSIONERS

Clark County Government Building, Room 404
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Jack Coffman
Bryan Glover
Connie Sellers

R. Scott Lewis, County Attorney

July 19, 2019

Via Email

To: Indiana State Board of Accounts

OFFICIAL RESPONSE to 2018 Audit Results and Comments
for the Clark County Board of Commissioners

Please be advised that as Clark County Attorney, I am submitting this Official Response on behalf of the Clark County Board of Commissioners. This Official Response is only for those matters that were specifically addressed and identified for the Board of County Commissioners. It is my understanding that the other County Officeholders and/or County Department Heads are responsible for providing their own Responses to matters which were specifically addressed to their particular Office or Department.

(1) Training on Internal Control Standards and (2) Certification on Internal Control Standards:

In calendar year 2017, the Commissioners relied upon its outside financial consultant at that time to provide the required training on Internal Controls Standards. The financial consultant kept written documentation verifying the said training of all employees and officials required to complete the training. The Commissioners believed all required individuals received the training. However, we have learned that some employees who initially did not require the training may have moved to another position within County Government that then required the training. The Commissioners were not aware and not notified of the change in employment positions and therefore the training inadvertently did not occur. To remedy this situation, the Commissioners hired a full-time Human Resource Director beginning in January of 2018 and the new HR Director has been responsible for the said training and certification to the County Auditor.

However, after the Human Resource Director was hired in 2018, there apparently have been some employees who have been directly hired by certain elected officeholders and the certain elected officeholders did not utilize the Human Resource Director for the Internal Control Training and Certification and did not utilize the Human Resource Director for any other employment orientation matters. These direct hires by the certain elected officeholders occurred without the knowledge of the Human Resource Director and without the knowledge of the County Commissioners. Thus the training on Internal Control Standards has not timely occurred for these small number of employees. Furthermore, there have been certain employees who initially did not require the Internal Controls

Training in their original employment position who have since switched employment positions within the County wherein their new employment position now requires training on Internal Control Standards. Certain elected officeholders have not advised the Human Resource Director or the County Commissioner when these employment position switches have occurred. Thus the training on Internal Control Standards has not timely occurred for these small number of employees.

The Human Resource Director and the County Commissioners will continue to work with all the elected office holders to ensure that the proper communication occurs so that all required employees will receive the training and certification on Internal Control Standards.

Sincerely,



R. SCOTT LEWIS
County Attorney

Cc: Clark County Commissioners

BOARD OF COUNTY COMMISSIONERS
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 10, 2019, with R. Monty Snelling, former County Auditor; Danny Yost, County Auditor; Jack Coffman, President of the Board of County Commissioners; Steve Doherty, County Council member; R. Scott Lewis, County Attorney; and Jessica Huffman, Chief Deputy County Auditor.

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CLERK OF THE CIRCUIT COURT
CLARK COUNTY

CLERK OF THE CIRCUIT COURT
CLARK COUNTY
FEDERAL FINDING

FINDING 2018-004

Subject: Internal Controls over Financial Transactions and Reporting - Clerk of the Circuit Court
Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Finding 2017-002 from the immediately prior audit.

Condition

There were several deficiencies in the internal control system of the County related to financial transactions and reporting of the Clerk of the Circuit Court (Clerk). There was a lack of segregation of duties, as the Clerk has not separated incompatible activities related to cash and investments, receipts, and disbursements.

1. The employee responsible for reconciling daily collections with receipts was also responsible for preparing the bank deposit, taking the deposit to the bank, posting the receipts, recording adjustment transactions, issuing checks, and occasionally posting checks.
2. Although the Clerk indicated that daily collections were compared to the bank deposits by someone other than the person responsible for reconciling collections, making the deposit, and posting the transactions, documentation was not available to verify this process.
3. Disbursement transactions were issued without any oversight or review.

Context

The lack of internal controls was a systemic issue 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:

CLERK OF THE CIRCUIT COURT
CLARK 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

Management of the County had not established a proper system of internal control.

Effect

The failure to establish controls could have enabled misstatements or irregularities to remain undetected.

Recommendation

We recommended that the Clerk 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.



SUSAN POPP

Clerk of the Clark County Circuit Courts

Clark County Government Building
501 E. Court Avenue, Room 137
Jeffersonville, IN 47130

812.285.6244 TEL
812.285.6372 FAX
www.co.clark.in.us

CORRECTIVE ACTION PLAN

FINDING 2018-004

Contact Person Responsible for Corrective Action: Susan Popp, Clark County Clerk

Contact Phone Number: 812-285-6375

Contact email address: spopp@co.clark.in.us

Views of Responsible Official:

We concur with the finding of the Indiana State Board of Accounts (SBOA) concerning the need for increased internal controls. The prior audit was completed in December 2018 and the same findings were noted concerning internal controls. Since the audit was completed later in the year, a repeated finding was observed for 2018. Beginning in 2019, measures have been taken to expand internal controls through diversification of duties, cross-training, and digitizing documents.

SBOA findings:

1. The employee responsible for reconciling daily collections with receipts was also responsible for preparing the bank deposit, taking the deposit to the bank, posting the receipts, recording adjustment transactions, issuing checks and posting checks.

Corrective Action:

- There is a designated person (Stephanie Locke) that is *ONLY* responsible for reconciling daily collections with receipts and preparing the bank deposit. That person will sign off on the daily cash balance report to indicate they compared the report with the deposits. If the daily reconciliation is "off", then the individual employee (clerk employees that take payments) that made the error corrects their daily till. If there is a difference that requires an adjustment, another deputy clerk (Nancy Sheperd) will make the adjustment in Odyssey. Any changes or adjustments are noted on the daily cash balance report. Furthermore, there is a report that is reviewed by the County Clerk (Susan Popp) to oversee the adjustments made. In other words, an adjustment is made, there are several people involved in the transaction. Adjustments do not occur with oversight.

SBOA findings:

#2. Although the Clerk indicated that daily collections with were compared to the bank deposits by someone other than the person responsible for reconciling collections, making deposits , and positing the transactions, documentation was not available to verify this process.

Corrective Action:

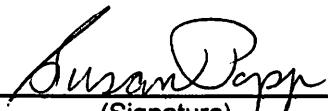
- The monthly reconciliation will have the signature of the deputy clerk who completed the reconciliation along with the County Clerk signature indicating the reconciliation was reviewed. .
- For EFT payments to the state the certification of the court cost remittance to the state should be compared with the amount shown on the bank statement for the EFT withdrawal. The signature on the certification along with the signature on the check register could be used to show evidence of review of the activity.

SBOA findings:

#3. Disbursement transactions were issued without any oversight or review.

Corrective Action:

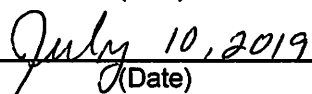
- The Odyssey system creates a system of checks and balances. The disbursement transaction is noted in the system and it corresponds to the deposit or receipt.
- The person checking/comparing the bank deposits with daily collections will initial the deposit slip. The deposit slip will have two sets of initials; the person preparing the deposit slip and the person reviewing.
- The Daily Check Register report will be reviewed randomly and periodically by someone other than the person issuing the checks. Total checks related to judgments /restitutions can be compared to the amount of the receipts to verify check amounts issued correspond with disbursements made. The report can be signed and receipts vs disbursements can be marked as reviewed. The report will be maintained for future audits.
- For bond checks issued, the court orders will be reviewed and compared with the checks issued. Again, the checks registers could then be signed indicating the information was reviewed. .



(Signature)

Susan Popp, Clark County Clerk

(Title)



(Date)

CLERK OF THE CIRCUIT COURT
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 8, 2019, with Susan Popp, Clerk of the Circuit Court, and Nancy Shepherd, Deputy Clerk of the Circuit Court.

The contents of this report were discussed on July 10, 2019, with R. Monty Snelling, former County Auditor; Danny Yost, County Auditor; Jack Coffman, President of the Board of County Commissioners; Steve Doherty, County Council member; R. Scott Lewis, County Attorney; and Jessica Huffman, Chief Deputy County Auditor.

COUNTY SHERIFF
CLARK COUNTY

COUNTY SHERIFF
CLARK COUNTY
FEDERAL FINDINGS

FINDING 2018-005

Subject: Port Security Grant Program - Cash Management

Federal Agency: Department of Homeland Security

Federal Program: Port Security Grant Program

CFDA Number: 97.056

Federal Award Numbers and Years (or Other Identifying Numbers): EMW-2016-PU-00071,
EMW-2017-PU-00453

Compliance Requirement: Cash Management

Audit Findings: Material Weakness, Other Matters

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.

For two of the four reimbursement requests filed, the County requested and received reimbursement from the federal agency prior to paying the expense.

Context

The lack of controls and noncompliance were systemic 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. . . ."

COUNTY SHERIFF
CLARK COUNTY
FEDERAL FINDINGS
(Continued)

Cause

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

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the County.

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.

FINDING 2018-006

Subject: Port Security Grant Program - Reporting
Federal Agency: Department of Homeland Security
Federal Program: Port Security Grant Program
CFDA Number: 97.056

Federal Award Numbers and Years (or Other Identifying Numbers): EMW-2016-PU-00071,
EMW-2017-PU-00453

Compliance Requirement: Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Finding 2017-004 from the immediately prior audit.

Condition

An effective internal control system, including segregation of duties, was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

Grant program reports were prepared and submitted by one individual with no evidence of oversight or review to ensure the accuracy of the reports prior to submission.

COUNTY SHERIFF
CLARK COUNTY
FEDERAL FINDINGS
(Continued)

Context

The lack of controls was a systemic issue 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). . . ."

Cause

Management of the County had not developed a system of internal controls that segregated key functions.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County's management establish controls, including segregation of duties, related to the grant agreement and the Reporting compliance requirement.

Views of Responsible Officials

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

Clark County Sheriff's Office

Jamey Noel
Sheriff

(812) 283-4471

Clark County
Government Building
501 East Court Avenue, Ste. 159
Jeffersonville, Indiana 47130

June 27, 2019

Corrective Action Plan

Indiana State Board of Accounts Finding 2018-005 and 2018-006

Contact Person Responsible for Corrective Action

Diane Shahroudi – Bookkeeper

Contact Phone Number

(812) 283-4471, ext. 3134

Views of the Responsible Official

I concur with the findings of Indiana State Board of Accounts Finding 2018-005 and 2018-006 for the calendar year of 2018.

Description of the Corrective Action Plan

To correct Finding 2018-005, I have implemented the following procedural controls:

- Our Grant Administrator will receive all fund number ledgers from the Auditors Office prior to submitting financial reports.
- Our Grant Administrator will receive all invoices for review so that invoices are paid from the correct fund and fund balances are not over encumbered.
- The Grant Administrator and Bookkeeper will meet for concurrent reviews the Auditor's Office grant ledgers as compared to the Grant Administrator's financial reports for accuracy prior to submission to the federal agency. Only after review of these ledgers to ensure the expenses have been paid will reimbursement from the Federal Agency be requested. Both the Grant Administrator and Bookkeeper will sign the ledgers.
- A monthly meeting will occur to review the preceding months grant activity to ensure reporting accuracy and that all stakeholders are aware of the expenditures.

Clark County Sheriff's Office

Jamey Noel
Sheriff

(812) 283-4471

Clark County
Government Building
501 East Court Avenue, Ste. 159
Jeffersonville, Indiana 47130

To correct Finding 2018-006, I have implemented the following procedural controls:

- Our Grant Administrator will receive all fund number ledgers from the Auditors Office prior to submitting financial reports.
- Our Grant Administrator will receive all invoices for review so that invoices are paid from the correct fund and fund balances are not over encumbered.
- The Grant Administrator and Bookkeeper will meet for concurrent reviews the Auditor's Office grant ledgers as compared to the Grant Administrator's financial reports for accuracy prior to submission to the federal agency. Both the Grant Administrator and Bookkeeper will sign the ledgers.
- A monthly meeting will occur to review the preceding months grant activity to ensure reporting accuracy and that all stakeholders are aware of the expenditures.

Anticipated Completion Date

The Corrective Action Plan for finding 2018-005 will be implemented July 1, 2019 will be applied to all future grant activity.

The Corrective Action Plan for finding 2018-006 was implemented January 1, 2019 and applied to all future grant activity.

Thank you for bringing this matter to my attention so that corrective action can be initiated. While the Sheriff's Office recognizes Finding 2018-006 is described as a "Repeat Finding" we would note the Sheriff's Office became aware of the issues identified in this finding in December of 2018, during the Audit for the year 2017 in Finding 2017-004. Consequently, we were not able to implement our corrective action plan for Finding 2017-004 until January of 2019. The Department will immediately address discrepancies or a system flaws should we become aware of such. We will continuously strive to improve on our financial recordkeeping and periodically review our grant procedures to ensure they are in compliance with the grant agreement and the reporting compliance agreement.



Jamey Noel
Sheriff

COUNTY SHERIFF
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 27, 2019, with Jamey Noel, County Sheriff; Philip A. Parker, Lieutenant Colonel; and Diane Shahroudi, Bookkeeper/Secretary.

The contents of this report were discussed on July 10, 2019, with R. Monty Snelling, former County Auditor; Danny Yost, County Auditor; Jack Coffman, President of the Board of County Commissioners; Steve Doherty, County Council member; R. Scott Lewis, County Attorney; and Jessica Huffman, Chief Deputy County Auditor.

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COUNTY PROSECUTING ATTORNEY
CLARK COUNTY

COUNTY PROSECUTING ATTORNEY
CLARK COUNTY
FEDERAL FINDING

FINDING 2018-007

Subject: Crime Victim Assistance - Reporting
Federal Agency: Department of Justice
Federal Program: Crime Victim Assistance
CFDA Number: 16.575
Federal Award Number and Year (or Other Identifying Number): EDS #D3-17-11405
Pass-Through Entity: Indiana Criminal Justice Institute
Compliance Requirement: Reporting
Audit Finding: Material Weakness

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 Reporting compliance requirement.

The Quarterly Performance Reports were prepared and submitted by one individual without any evidence of oversight or review to ensure the accuracy of the reports prior to submission.

Context

The lack of controls was a systemic issue throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

COUNTY PROSECUTING ATTORNEY
CLARK COUNTY
FEDERAL FINDING
(Continued)

(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). . . ."

Cause

Management of the County had not developed a system of internal controls that segregated key functions.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County's management establish controls, including segregation of duties, related to the grant agreement and the Reporting compliance requirement.

Views of Responsible Officials

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



OFFICE OF THE PROSECUTING ATTORNEY

JEREMY MULL
PROSECUTING ATTORNEY, 4TH JUDICIAL CIRCUIT
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CRIMINAL DIVISION
(812) 285-6264/Fax (812) 285-6259

July 9, 2019

CHILD SUPPORT DIVISION
(812) 285-6261/Fax (812) 280-5633

RE: FINDING 2018-007

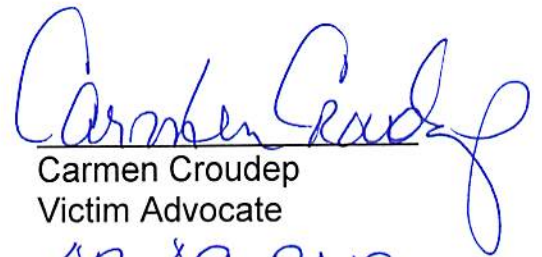
Carmen Croudep
812-285-6264

We concur with the findings that there was a failure to establish an effective internal control system.

Corrective Action Plan:

Each quarterly report (performance and fiscal) will include internal controls that segregate the duties of the person preparing the report and the individual assigned to review the report(s) prior to submission. The review process will consist of a typed or emailed response stating what has been reviewed; the name of the reviewer as well as the date reviewed. This will provide for an adequate controls system to minimize any risk to the County.

Anticipated Completion Date: July 8, 2019


Carmen Croudep
Victim Advocate
07-09-2019
Date

COUNTY PROSECUTING ATTORNEY
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 8, 2019, with Jeremy Mull, County Prosecuting Attorney, and Carem Croude, Victim Advocate.

The contents of this report were discussed on July 10, 2019, with R. Monty Snelling, former County Auditor; Danny Yost, County Auditor; Jack Coffman, President of the Board of County Commissioners; Steve Doherty, County Council member; R. Scott Lewis, County Attorney; and Jessica Huffman, Chief Deputy County Auditor.