

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

SHELBY COUNTY, INDIANA

January 1, 2017 to December 31, 2017



**FILED**  
08/14/2019



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Mary Jo Phares Amy L. Glackman	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Treasurer	Kathy A. Plunkett	01-01-15 to 12-31-22
Clerk of the Circuit Court	Vicki R. Franklin Jill Taylor	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Sheriff	Dennis Parks Louie Koch	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Recorder	Tawnya J. Williams	01-01-15 to 12-31-22
President of the Board of County Commissioners	Kevin Nigh	01-01-17 to 12-31-19
President of the County Council	Tony Titus	01-01-17 to 12-31-19



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF SHELBY COUNTY, INDIANA

This report is supplemental to our audit report of Shelby County (County), for the period from January 1, 2017 to December 31, 2017. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the County. It should be read in conjunction with our Financial Statement Audit Report of the County, which provides our opinion on the County's financial statement. This report may be found at [www.in.gov/sboa/](http://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

July 18, 2019

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COUNTY AUDITOR  
SHELBY COUNTY

COUNTY AUDITOR  
SHELBY COUNTY  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS**

*Receipts*

The County Auditor's office had not separated incompatible activities related to receipts. One employee posted the receipts to the ledger without an oversight, review, or approval process in place to ensure that receipts were posted accurately and to the correct fund.

*Federal Transactions*

One person completed and submitted the Schedule of Expenditures of Federal Awards without an oversight, review, or approval process.

*Financial Transactions and Reporting*

One employee prepared and submitted the financial information into the Indiana Gateway for Government Units financial reporting system, which is the source of the Annual Financial Report and financial statement. The County Auditor's office did not have effective controls in place to verify the accuracy of the financial information prior to submission.

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  
SHELBY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 18, 2019, with Amy L. Glackman, County Auditor; Kathy A. Plunkett, County Treasurer; Mary Jo Phares, former County Auditor; Kevin Nigh, President of the Board of County Commissioners; and Tony Titus, President of the County Council.

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COUNTY TREASURER  
SHELBY COUNTY

COUNTY TREASURER  
SHELBY COUNTY  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS**

One employee was responsible for performing the reconciliation between the depository account balance and the record balance. There were no controls in place, such as an oversight, review, or approval process over the bank reconciliements.

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