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

SUPPLEMENTAL COMPLIANCE REPORT

OF

STEUBEN COUNTY, INDIANA

January 1, 2018 to December 31, 2018

FILED
08/20/2019

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SCHEDULE OF OFFICIALS

Office	Official	Term
County Auditor	Kim Meyers	01-01-15 to 12-31-22
County Treasurer	Melissa Bixler	01-01-17 to 12-31-20
Clerk of the Circuit Court	Michelle Herbert Tangi Manahan	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Sheriff	Tim R. Troyer Rodney L. Robinson	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Recorder	Linda Myers	01-01-15 to 12-31-22
Executive Director of Northeast Indiana Community Corrections	Brett Hayes	01-01-18 to 12-31-19
President of the Board of County Commissioners	Ronald L. Smith	01-01-18 to 12-31-19
President of the County Council	Richard Shipe	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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INDIANAPOLIS, INDIANA 46204-2769

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TO: THE OFFICIALS OF STEUBEN COUNTY, INDIANA

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

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 29, 2019

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COUNTY SHERIFF
STEUBEN COUNTY

COUNTY SHERIFF
STEUBEN COUNTY
FEDERAL FINDING

FINDING 2018-001

Subject: Internal Control over Financial Transactions and Reporting - County Sheriff
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2017-001.

Condition

There were deficiencies in the internal control system of the County related to financial transactions and reporting of the County Sheriff. The County Sheriff had not separated incompatible activities related to reconciling and disbursing for some areas. One employee in the County Sheriff's office performed the monthly bank reconcilements for the County Sheriff's Cash Book without an oversight, review, or approval process. One employee made disbursements from all accounts (Sheriff's Cash Book, Commissary, and Inmate Trust) without an oversight, review, or approval process.

Context

The lack of internal controls was a systemic issue, occurring 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:

> "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

The County Sheriff had not established a proper system of internal control that would have segregated key functions.

Effect

The failure to establish a system of internal controls could have enabled misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the County Sheriff at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, misstatements in a timely manner.

Recommendation

We recommended that the County Sheriff 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, which is part of this report.

STEUBEN COUNTY
SHERIFF'S OFFICE

Rodney L. Robinson, Sheriff
206 EAST GALE STREET • ANGOLA, INDIANA 46703
(260) 668-1000 ext 5000 • Fax (260) 665-9476
www.steubensheriff.com

Finding 2018-001

Contact Person Responsible for Corrective Action: Rodney L. Robinson, Sheriff
Contact Phone Number: 260-668-1000

Views of Responsible Official:

I concur with the finding, but wish to make note that our 2017 Audit was conducted in December of 2018. At that time, additional internal controls were agreed upon between the State Board of Accounts and the Sheriff's Office, to be implemented on December 31, 2018. There was no opportunity to actually address and correct any 2017 finding in 2018, so this being a "Repeat Finding" is a bit misleading. But we are happy to implement any additional controls requested.

Description of Corrective Action Plan:

Starting in January 2019, in order to create a better internal control over the Sheriff's Cashbook, we implemented the following: the bank reconciliation is completed by the Office Manager, and reviewed by the Sheriff. The Sheriff reviews and initials the Report of Collections and associated disbursement checks at the end of each month.
Additional internal controls requested in the 2018-001 Finding will be addressed by: The Sheriff will initial all disbursement checks made from the Commissary account, the Sheriff will review and sign a report of all checks disbursed to Commissary from Inmate Trust each month, and any non-commissary disbursement checks from Inmate Trust will be reviewed and signed by two employees.

Anticipated Completion Date:
August 31, 2019

(Signature)

Sheriff
(Title)

07/23/2019

COUNTY SHERIFF
STEUBEN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 29, 2019, with Rodney L. Robinson, County Sheriff, and Julie Troyer, County Sheriff Office Manager.

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BOARD OF COUNTY COMMISSIONERS
STEUBEN COUNTY

BOARD OF COUNTY COMMISSIONERS
STEUBEN COUNTY
FEDERAL FINDING

FINDING 2018-002

Subject: Internal Control over Financial Transactions and Reporting - County EMS
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2017-002.

Condition

One full-time County EMS Department (Department) employee significantly participated in or was solely responsible for multiple aspects of the Department financial activity. This included receiving payments, recording receipts, and preparing and making bank deposits.

Context

The lack of internal controls was a systemic issue, occurring 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:

> "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

The Department had not established a proper system of internal control that would have segregated key functions.

Effect

The failure to establish a system of internal controls could have enabled misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the Department at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, misstatements in a timely manner.

Recommendation

We recommended that the Department 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, which is part of this report.

Steuben County Emergency Medical Services
205 South Martha Street, Suite 100 Angola, Indiana 46703-1900

Emergency: 9-1-1
Accounting: 260-668-1000/Ext. 3300
Fax: 260-665-8368

CORRECTIVE ACTION PLAN

FINDING 2018-002

Contact Person Responsible for Corrective Action:

Royal E. Kirkpatrick II, Steuben County EMS Director Contact Phone Number: 260-668-1000 Ext 3300

Views of Responsible Official:

In response to the deficiencies noted by the State Board of Accounts

One full-time department employee significantly participated in or was solely responsible for multiple aspects of the Department financial activity. ***This is accurate.***

Description of Corrective Action Plan:

I will be assisting with deposits. My Manager and I will both initial the deposit slips at the end of the business day.

Anticipated Completion Date: __7/23/2019

(Signature)

EMS Director

(Title)

7/22/19

(Date)

BOARD OF COUNTY COMMISSIONERS
STEUBEN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 29, 2019, with Kim Meyers, County Auditor; Kelli Johnson, Chief Deputy County Auditor; Lori Hickey, Deputy County Auditor; Ronald L. Smith, President of the Board of County Commissioners; Lynne Liechty, County Commissioner; Richard Shipe, President of the County Council; and Kenneth L. Shelton, County Council member.

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NORTHEAST INDIANA COMMUNITY CORRECTIONS
STEUBEN COUNTY

NORTHEAST INDIANA COMMUNITY CORRECTIONS
STEUBEN COUNTY
FEDERAL FINDING

FINDING 2018-003

Subject: TANF Cluster - Eligibility
Federal Agency: Department of Health and Human Services
Federal Program: Temporary Assistance for Needy Families
CFDA Number: 93.558
Federal Award Numbers and Years (or Other Identifying Numbers): D12-18-106-TANF, D12-19-106-TANF
Pass-Through Entity: Indiana Department of Corrections
Compliance Requirement: Eligibility
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2017-003.

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 Eligibility compliance requirement.

The County implemented a procedure to determine eligibility for TANF participants. Per the procedure, the service provider was to determine eligibility for TANF participants and the County was to review the documentation provided by the service provider to verify eligibility. In 2018, 13 of 41 TANF participants tested could not be verified due to the lack of supporting documentation provided by the service provider.

Context

The lack of effective internal controls, noncompliance, and failure to retain appropriate documentation to support compliance were systemic issues 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). . . ."

2CFR 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. . . ."

Cause

The County had not established an effective system of internal controls that would have ensured documentation was maintained to support the eligibility requirement.

Effect

The failure to establish an effective internal control system that would have ensured compliance and ensured that adequate supporting documentation was maintained and available for audit, prevented the determination of the County's compliance with the Eligibility compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County's management establish controls to ensure that supporting documentation related to the Eligibility compliance requirement is maintained and made 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.

Northeast Indiana Community Corrections

104 East Gale Street, Suite A
Angola, Indiana 46703
Phone: (260) 668-4505
Fax: (260) 665-3000
Website: www.sccommunitycorrections.com

CORRECTIVE ACTION PLAN

FINDING 2018-003

Contact Person Responsible for Corrective Action: Brett Hays
Contact Phone Number: 260-668-1000 x5363

We concur with the finding.

Description of Corrective Action Plan:
CAVA completes initial eligibility screening and submits all documentation to NICC. NICC conducts an independent eligibility determination and relays findings to CAVA. The FSSA then conducts another audit. If services are provided to non-eligible entities then the FSSA bills CAVA.

The MOU created outlining these activities has been updated to include a provision requiring CAVA to provide TANF eligibility documentation and other related data to NICC by the 10th of every month for the previous month.

For calendar year 2018, all entities funded with EDS #D12-17-106-TANF and EDS #D12-18-106-TANF funds have had their eligibility confirmed by NICC with the exception of one person. That person is deceased.

Anticipated Completion Date: June 24, 2019

Brett Hays, Director of Northeast Indiana Community Corrections

NORTHEAST INDIANA COMMUNITY CORRECTIONS
STEUBEN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 29, 2019, with Brett Hays, Executive Director of Northeast Indiana Community Corrections.