

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

GREENE COUNTY, INDIANA

January 1, 2018 to December 31, 2018



**FILED**  
08/20/2019



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Patricia L. Baker Matthew W. Baker	01-01-15 to 01-10-18 01-11-18 to 12-31-22
County Treasurer	Nicole L. Stahl	01-01-17 to 12-31-20
Clerk of the Circuit Court	Tammy Woodall Stuart A. Dowden	10-24-17 to 12-31-18 01-01-19 to 12-31-22
County Sheriff	Michael L. Hasler	01-01-15 to 12-31-22
County Recorder	Stuart A. Dowden Sarah J. Bender	01-01-15 to 12-31-18 01-01-19 to 12-31-22
President of the Board of County Commissioners	Nathan Abrams	01-01-18 to 12-31-19
President of the County Council	Jerry Frye	01-01-18 to 12-31-19



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF GREENE COUNTY, INDIANA

This report is supplemental to our audit report of Greene 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/](http://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 23, 2019

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COUNTY AUDITOR  
GREENE COUNTY

COUNTY AUDITOR  
GREENE 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). No evidence was presented for audit that indicated someone other than the person entering the federal grant information into the Indiana Gateway for Government Units financial reporting system online data collection platform, which was the source for the County's SEFA, was reviewing the information for completeness and accuracy.

*Context*

The SEFA contained the following errors:

1. The Crime Victim Assistance program was listed as a direct grant, rather than a pass-through grant.
2. One state grant was incorrectly included on the SEFA, resulting in an overstatement in the amount of \$4,160.
3. The Highway Planning and Construction program was incorrectly reported, resulting in an overstatement of \$45,093.
4. The Child Support Enforcement program was incorrectly reported, resulting in an overstatement of \$21,666.

The net amount of errors resulted in an overstatement of federal expenditures in the amount of \$70,919.

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  
GREENE COUNTY  
FEDERAL FINDING  
(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 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."

COUNTY AUDITOR  
GREENE COUNTY  
FEDERAL FINDING  
(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.

Greene County Auditor  
Matthew W. Baker  
Greene County Courthouse  
1 E. Main St.  
Bloomfield, In. 47424

Phone 812-384-2008 E-mail: [matthew.baker@co.greene.in.us](mailto:matthew.baker@co.greene.in.us) Fax 812-384-2041

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July 12, 2019

Contact Person Responsible for Corrective Action: Matthew W. Baker, Greene County Auditor

Contact Phone Number: (812) 384-2008

View of Responsible Official: We concur with the findings.

Anticipated Completion Date: As of today, July 12, 2019.

#### Corrective Action Plan

##### Finding 2018-001

Corrective Action Plan:

I have reached out to officials who have strong experience in tracking the Schedule of Expenditures of Federal Awards (SEFA), and we have implemented the following changes in our procedures for the SEFA to hopefully eliminate or minimize mistakes in the reporting for Greene County going forward. Please see below.

-EFT's from the Auditor of State are tracked daily by my Chief Deputy Lori Dickinson and myself in order to make sure that no incoming grant award monies are missed.

-I have a more detailed excel spreadsheet to track these EFT's, including using color coding for when the EFT email is received, when the deposit to the bank is pending and then finalized. We use separate tabs for each federal grant and a totals tab.

-I have added the proper CFDA numbers to any federal grant fund or account line description in our financial system to help us be more efficient in keeping track of these funds. Both Lori and I compare notes to make sure funds are reported in the proper fund/account line.

-We have learned to separate state grants from federal grants. If there is a question, I ask someone from the State Board of Accounts for help in finding out if a grant is federal.

- We now keep an updated physical file of documents which should save time in pulling the information together for both the AFR and SBOA audit. Offices/Departments have been

contacted by email to make sure that we receive all information necessary if they are applying for a federal grant. Going forward, we will contact each Office/Department at a minimum annually.

-We have also learned to separate what counts as reportable for each federal grant on the SEFA, whether revenue or expenditures.

Thank you for your time.

Respectfully yours,

A handwritten signature in black ink, appearing to read 'Matthew W. Baker', followed by a horizontal line extending to the right.

Matthew W. Baker  
Greene County Auditor

COUNTY AUDITOR  
GREENE COUNTY  
AUDIT RESULT AND COMMENT

***AUDITOR RECORDS DO NOT RECONCILE WITH TREASURER RECORDS***

The County Treasurer Cash Book auditor balance did not reconcile with the County Auditor ledger for all 12 months during 2018. The variance at December 31, 2018, was \$297,802.

At the close of each calendar month a Monthly Financial Statement, County Form No. 61, shall be prepared, showing the financial transactions for the month and year to date, for each fund and in total.

The county treasurer is also required to independently prepare a Monthly Financial Statement on the same form and the two statements must be reconciled. If any differences exist between the records of the auditor and the treasurer, they must be identified and immediate steps taken to bring the records of the two offices into agreement.

The statements are prescribed to be placed in a post-binder and shall be carefully preserved as a permanent record. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 7)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balances 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 County Auditors of Indiana, Chapter 1)

COUNTY AUDITOR  
GREENE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 23, 2019, with Matthew W. Baker, County Auditor; Nathan Abrams, President of the Board of County Commissioners; Jerry Frye, President of the County Council; Greg Roudebush, County Council member; and Marvin Abshire, County Attorney.

CLERK OF THE CIRCUIT COURT  
GREENE COUNTY

CLERK OF THE CIRCUIT COURT  
GREENE COUNTY  
AUDIT RESULT AND COMMENT

**CONDITION OF RECORDS**

The same comment also appeared in prior Reports B44610, B47757, B48155, B51413, and B51415.

Financial records presented for audit for the Clerk of the Circuit Court's funds were incomplete and not reflective of the activity of the Clerk of the Circuit Court's funds. The records presented included a print out from an old MHI account with a detail of accounts payable that did not agree to the amount being used as the cash fund balance. This is an old account that cannot be converted to the new Odyssey system. It contains many posting errors made over a long period of time.

The MHI account records included an outstanding check list, but it was not being used as part of the depository cash reconciliation of the account. As of December 31, 2018, the detail to the control ledger was \$59,355 short. The cash reconciliation using the outstanding check list for the MHI account was \$8,052 short.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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 Clerks of the Circuit Courts of Indiana, Chapter 1)

CLERK OF THE CIRCUIT COURT  
GREENE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 23, 2019, with Stuart A. Dowden, Clerk of the Circuit Court; Tammy Woodall, former Clerk of the Circuit Court; Nathan Abrams, President of the Board of County Commissioners; Jerry Frye, President of the County Council; Greg Roudebush, County Council member; and Marvin Abshire, County Attorney.

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COUNTY TREASURER  
GREENE COUNTY

COUNTY TREASURER  
GREENE COUNTY  
AUDIT RESULT AND COMMENT

***AUDITOR RECORDS DO NOT RECONCILE WITH TREASURER RECORDS***

The County Treasurer Cash Book auditor balance did not reconcile with the County Auditor ledger for all 12 months of the year ended December 31, 2018.

The Monthly Financial Statement, Form 61, is a permanent record prepared from the treasurer's funds ledger at the close of each month. It is prepared after all postings to the ledger have been completed for the month and reflects the total receipts and disbursements and the balance for each fund for the month and for the year to date. The statement must agree with a similar statement kept by the county auditor, giving consideration to any adjustments required to reconcile the ledgers of the two offices. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 5)

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 County Treasurers of Indiana, Chapter 1)

COUNTY TREASURER  
GREENE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 23, 2019, with Nicole L. Stahl, County Treasurer; Nathan Abrams, President of the Board of County Commissioners; Greg Roudebush, County Council member; and Marvin Abshire, County Attorney.

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COUNTY HIGHWAY DEPARTMENT  
GREENE COUNTY

COUNTY HIGHWAY DEPARTMENT  
GREENE COUNTY  
FEDERAL FINDING

***FINDING 2018-002***

Subject: Highway Planning and Construction Cluster - Internal Controls

Federal Agency: Department of Transportation

Federal Program: Highway Planning and Construction

CFDA Number: 20.205

Federal Award Numbers and Years (or Other Identifying Numbers): DES 1400784,  
DES 1500487,  
DES 1600888

Pass-Through Entity: Indiana Department of Transportation

Compliance Requirements: Cash Management; Matching, Level of Effort, Earmarking

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 following compliance requirements: Cash Management and Matching, Level of Effort, Earmarking.

The County was required to request reimbursement from the Indiana Department of Transportation using the LPA Invoice-Voucher (voucher). The vouchers listed the gross amount of the claims paid by the County and calculated the percentage of federal share that was reimbursable. The Highway Superintendent prepared the vouchers and signed them. There were no procedures in place, such as an oversight, review, or approval process to ensure that expenses were paid prior to requesting reimbursement, or that the correct federal percentage rate was used in the calculation.

*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 HIGHWAY DEPARTMENT  
GREENE 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 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 compliance requirements listed above.

*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 compliance requirements listed above.

*Views of Responsible Officials*

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

# Greene County Highway Department

Roger Hamilton, Superintendent

847 N 800W

Switz City, IN 47465

(812) 659-2045

[roger.hamilton@co.greene.in.us](mailto:roger.hamilton@co.greene.in.us)

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## CORRECTIVE ACTION PLAN

### ***FINDING 2018-002***

Contact Person Responsible for Corrective Action: Roger Hamilton

Contact Phone Number: (812) 659-2045

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

LPA Vouchers along with invoices will be initialed by a second person as an internal control before submitting the information to Indiana Department of Transportation for reimbursement.

Anticipated Completion Date: Corrective Action has been put in place.

  
\_\_\_\_\_

Superintendent  
\_\_\_\_\_

7/22/18  
\_\_\_\_\_

COUNTY HIGHWAY DEPARTMENT  
GREENE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 23, 2019, with Nathan Abrams, President of the Board of County Commissioners; Jerry Frye, President of the County Council; Greg Roudebush, County Council member; and Marvin Abshire, County Attorney.