

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

FRANKLIN COUNTY, INDIANA

January 1, 2016 to December 31, 2017



FILED
08/29/2019

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
County Treasurer:	
Audit Result and Comment:	
Internal Controls	6
Exit Conference	7
Clerk of the Circuit Court:	
Audit Result and Comment:	
Internal Controls	10
Exit Conference	11

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Stephen Brack	01-01-15 to 12-31-16
	(Vacant)	01-01-17 to 01-13-17
	Karla J. Bauman	01-14-17 to 12-31-22
County Treasurer	Veronica Voelker	01-01-13 to 12-31-20
Clerk of the Circuit Court	Karla J. Bauman	01-01-15 to 01-13-17
	(Vacant)	01-14-17 to 01-27-17
	Neysa R. Raible	01-28-17 to 12-31-22
County Sheriff	Kenneth A. Murphy	01-01-15 to 12-31-18
	Peter Cates	01-01-19 to 12-31-22
County Recorder	Pamela K. Beneker	01-01-13 to 12-31-16
	Connie Bischoff	01-01-17 to 12-31-20
President of the Board of County Commissioners	Thomas Wilson	01-01-16 to 12-31-19
President of the County Council	Rebecca Oglesby	01-01-16 to 05-22-17
	Jeff Koch	05-23-17 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF FRANKLIN COUNTY, INDIANA

This report is supplemental to our audit report of Franklin County (County), for the period from January 1, 2016 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/.

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 30, 2019

(This page intentionally left blank.)

COUNTY TREASURER
FRANKLIN COUNTY

COUNTY TREASURER
FRANKLIN COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

There were deficiencies in the internal control system of the County related to financial transactions and reporting.

Lack of Segregation of Duties: The County Treasurer had not separated incompatible activities related to cash and investments and receipts.

Cash and Investments: The County Treasurer was solely responsible for performing monthly bank reconciliations. There were no documented controls in place to prevent, or detect and correct, errors in cash and investments, such as an oversight, review, or approval process of the bank reconcilements.

Receipts: The County Treasurer had not separated incompatible activities related to the receipt process. There was no documented oversight, review, or approval process over the receipting, depositing, and posting of receipts.

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 TREASURER
FRANKLIN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 30, 2019, with Veronica Voelker, County Treasurer; Karla J. Bauman, County Auditor; and Thomas Wilson, President of the Board of County Commissioners.

(This page intentionally left blank.)

CLERK OF THE CIRCUIT COURT
FRANKLIN COUNTY

CLERK OF THE CIRCUIT COURT
FRANKLIN COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

There were deficiencies in the internal control system of the County related to financial transactions and reporting.

Lack of Segregation of Duties: The Clerk of the Circuit Court (Clerk) had not separated incompatible activities related to cash and investments and disbursements.

The Clerk was solely responsible for performing monthly bank reconciliations and for disbursement of funds. There were no documented controls in place, such as an oversight, review, or approval process, to prevent, or detect and correct, errors in cash and investments or disbursements.

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. . . ."

CLERK OF THE CIRCUIT COURT
FRANKLIN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 30, 2019, with Neysa R. Raible, Clerk of the Circuit Court; Karla J. Bauman, County Auditor; and Thomas Wilson, President of the Board of County Commissioners.