

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

DAVISS COUNTY, INDIANA

January 1, 2018 to December 31, 2018



FILED
09/10/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Patricia K. Ball	01-01-15 to 12-31-22
County Treasurer	Elaine Wellman	01-01-15 to 12-31-22
Clerk of the Circuit Court	Janice Williams	01-01-15 to 12-31-22
County Sheriff	Jerry Harbstreit Gary Allison	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Recorder	Jamie Chapman	01-01-15 to 12-31-22
President of the Board of County Commissioners	Nathan Gabhart	01-01-18 to 12-31-19
President of the County Council	Mike Myers Mike Sprinkle	01-01-18 to 12-31-18 01-01-19 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF DAVIESS COUNTY, INDIANA

This report is supplemental to our audit report of Daviess 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 Finding, identified in the above referenced audit report, is 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 Finding 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

August 13, 2019

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COUNTY AUDITOR
DAVISS COUNTY

COUNTY AUDITOR
DAVISS COUNTY
AUDIT RESULT AND COMMENT

CERTIFICATION ON INTERNAL CONTROL STANDARDS

The County Auditor incorrectly certified that County personnel had received training regarding internal control standards as part of the Annual Financial Report that was filed for 2018. The County had adopted the policy that all personnel receive this training, but 59 percent of the newly-hired personnel did not receive the required training in 2018.

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](#)."

COUNTY AUDITOR
DAVISS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 13, 2019, with Patricia K. Ball, County Auditor; Patricia Raymann, First Deputy County Treasurer; Mike Sprinkle, President of the County Council; Tony Duncheon, County Council member; Nathan Gabhart, President of the Board of County Commissioners; and Tom McCracken, County Commissioner.

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BOARD OF COUNTY COMMISSIONERS
DAVISS COUNTY

BOARD OF COUNTY COMMISSIONERS
DAVISS COUNTY
AUDIT RESULT AND COMMENT

TRAINING ON INTERNAL CONTROL STANDARDS

The Board of County Commissioners did not ensure that County personnel received training concerning internal control standards and procedures adopted by the County. The County had adopted the policy that all personnel receive this training, but 59 percent of the newly-hired personnel did not receive the required training in 2018.

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

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

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

BOARD OF COUNTY COMMISSIONERS
DAVISS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 13, 2019, with Nathan Gabhart, President of the Board of County Commissioners; Tom McCracken, County Commissioner; Patricia K. Ball, County Auditor; Patricia Raymann, First Deputy County Treasurer; Mike Sprinkle, President of the County Council; and Tony Duncheon, County Council member.

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COUNTY TREASURER
DAVISS COUNTY

COUNTY TREASURER
DAVISS COUNTY
FEDERAL FINDING

FINDING 2018-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition and Context

There was a deficiency in the internal control system of the County related to financial transactions and reporting regarding cash and investments. The County Treasurer prepared monthly bank reconciliations as required. However, there was no evidence, such as sign-offs or other documentation, to indicate that an independent review, oversight, or approval process had been established to ensure the accuracy of those reconciliations.

The lack of 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:

"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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

Cause

Management of the County had not established a proper system of internal control related to cash and investments.

Effect

The failure to establish a system of internal control could have enabled material misstatements or irregularities to occur and remain undetected.

Views of Responsible Officials

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

TREASURER

of Daviess County

Elaine Wellman
(812) 254-8677
treasurer@daviess.org

CORRECTIVE ACTION PLAN

FINDING 2018-001

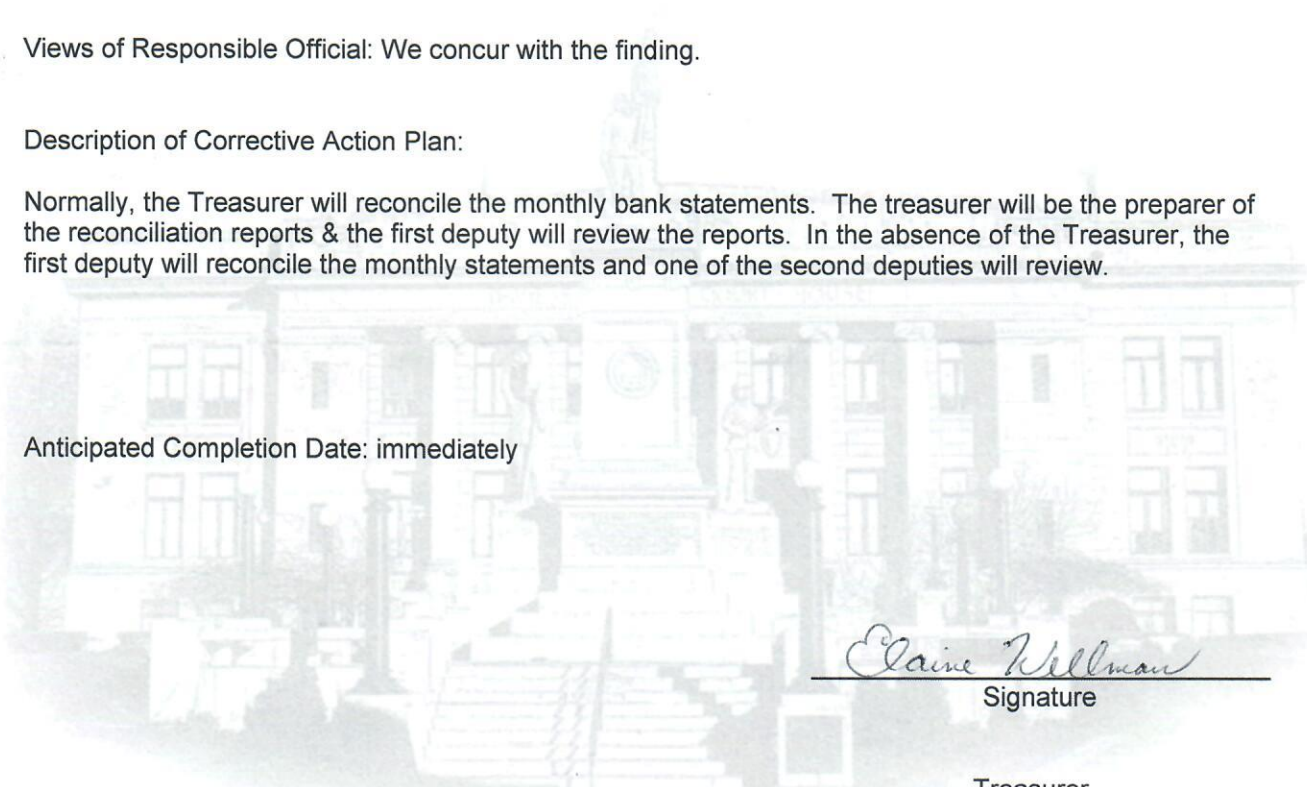
Contact Person Responsible for Corrective Action: Elaine Wellman
Contact Phone Number: 812-254-8677

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Normally, the Treasurer will reconcile the monthly bank statements. The treasurer will be the preparer of the reconciliation reports & the first deputy will review the reports. In the absence of the Treasurer, the first deputy will reconcile the monthly statements and one of the second deputies will review.

Anticipated Completion Date: immediately



Elaine Wellman

Signature

Treasurer
Title

July 16, 2019

Date

COUNTY TREASURER
DAVISS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 13, 2019, with Patricia Raymann, First Deputy County Treasurer; Patricia K. Ball, County Auditor; Mike Sprinkle, President of the County Council; Tony Duncheon, County Council member; Nathan Gabhart, President of the Board of County Commissioners; and Tom McCracken, County Commissioner.