

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

HUNTINGTON COUNTY, INDIANA

January 1, 2018 to December 31, 2018



FILED
09/11/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor:	Cindy Yeiter Jill Landrum	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Treasurer	Paula K. Farley	01-01-17 to 12-31-20
Clerk of the Circuit Court	Kittie Keiffer Shelley Septer	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Sheriff	Terry Stoffel Christian E. Newton	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Recorder	Cheryl A. Schenkel Vicki G. Pearson	01-01-15 to 12-31-18 01-01-19 to 12-31-22
President of the Board of County Commissioners	Larry Buzzard	01-01-18 to 12-31-19
President of the County Council:	Kendall Mickley	01-01-18 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF HUNTINGTON COUNTY, INDIANA

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

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 31, 2019

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COUNTY AUDITOR
HUNTINGTON COUNTY

COUNTY AUDITOR
HUNTINGTON COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

There was a lack of segregation of duties over disbursements for the County. The Accounts Payable Clerk was responsible for processing accounts payable claims. The County Auditor was responsible for reviewing and signing the accounts payable claims. Controls were in place for the Board of County Commissioners to approve the accounts payable claims as well; however, these controls did not detect any issues in advance of payment.

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
HUNTINGTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 31, 2019, with Jill Landrum, County Auditor; Tom Wall, County Commissioner; Kendall Mickley, President of the County Council; Phil Hibbert, County Council member; Keith Eller, County Council member; Kittie Keiffer, County Council member; and Terry Miller, County Council member.

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COUNTY SHERIFF
HUNTINGTON COUNTY

COUNTY SHERIFF
HUNTINGTON COUNTY
AUDIT RESULTS AND COMMENTS

SERVICE CHARGES AND BANK FEES

The Sheriff Commissary fund paid interest in the amount of \$166 because the department had not paid the monthly credit card invoice in a timely manner.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guideline Manual for Counties of Indiana Chapter 1)

INTERNAL CONTROLS

There was a lack of segregation of duties over disbursements for the County Sheriff's Commissary funds. The County Sheriff's Matron was responsible for processing Commissary claims. The County Sheriff was responsible for reviewing and signing the Commissary claims. Controls were in place for the County Sheriff to approve the Commissary claims as well; however, these controls did not detect any issues in advance of payment.

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:

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SHERIFF COMMISSARY EXPENDITURES

The Sheriff Commissary fund expended \$3,439 in 2018 in donations and advertising for the purpose of community awareness. County Council approval for these disbursements was not presented for audit.

Indiana Code 36-8-10-21 states:

"(a) This applies to any county that has a jail commissary that sells merchandise to inmates.

COUNTY SHERIFF
HUNTINGTON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

(b) A jail commissary fund is established, referred to in this section as 'the fund'. The fund is separate from the general fund, and money in the fund does not revert to the general fund.

(c) The sheriff, or the sheriff's designee, shall deposit all money from commissary sales into this fund, which the sheriff or the sheriff's designee shall keep in a depository designated under IC 5-13-8.

(d) The sheriff, or the sheriff's designee, at the sheriff's or the sheriff's designee's discretion and without appropriation by the county fiscal body, may disburse money from the fund for:

- (1) merchandise for resale to inmates through the commissary;
- (2) expenses of operating the commissary, including, but not limited to, facilities and personnel;
- (3) special training in law enforcement for employees of the sheriff's department;
- (4) equipment installed in the county jail;
- (5) equipment, including vehicles and computers, computer software, communication devices, office machinery and furnishings, cameras and photographic equipment, animals, animal training, holding and feeding equipment and supplies, or attire used by an employee of the sheriff's department in the course of the employee's official duties;
- (6) an activity provided to maintain order and discipline among the inmates of the county jail;
- (7) an activity or program of the sheriff's department intended to reduce or prevent occurrences of criminal activity, including the following:
 - A. Substance abuse.
 - B. Child abuse.
 - C. Domestic violence.
 - D. Drinking and driving.
 - E. Juvenile delinquency.
- (8) expenses related to the establishment, operation, or maintenance of the sex and violent offender registry web site under IC 36-2-13-5.5; or
- (9) any other purpose that benefits the sheriff's department that is mutually agreed upon by the county fiscal body and the county sheriff.

Money disbursed from the fund under this subsection must be supplemental or in addition to, rather than a replacement for, regular appropriations made to carry out the purposes listed in subdivisions (1) through (8). . . ."

COUNTY SHERIFF
HUNTINGTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 31, 2019, with Terry Stoffel, former County Sheriff; Christian E. Newton, County Sheriff; Tom Wall, County Commissioner; Kendall Mickley, President of the County Council; Phil Hibbert, County Council member; Keith Eller, County Council member; Kittie Keiffer, County Council member; Terry Miller, County Council member; Joe Collins, County Sheriff Jail Officer; David McElhaney, County Deputy Sheriff; and Karen Poling, County Sheriff Matron.