

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

DELAWARE COUNTY, INDIANA

January 1, 2018 to December 31, 2018



FILED
09/20/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Steven Craycraft	01-01-15 to 12-31-22
County Treasurer	Edward E. Carroll Jr.	01-01-17 to 12-31-20
Clerk of the Circuit Court	Mike King Rick Spangler	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Sheriff	Ray Dudley Tony Skinner	06-04-15 to 12-31-18 01-01-19 to 12-31-22
County Recorder	Melanie Marshall	01-01-15 to 12-31-22
President of the Board of County Commissioners	James King Sherry Riggins	01-01-18 to 12-31-18 01-01-19 to 12-31-19
President of the County Council	Ron Quakenbush	01-01-18 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF DELAWARE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Delaware County (County), for the year ended December 31, 2018, and the related notes to the financial statement, which collectively comprise the County's financial statement and have issued our report thereon dated August 29, 2019, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2018-002 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001 to be a significant deficiency.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-002.

Delaware County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

August 29, 2019



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF DELAWARE COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited Delaware County's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2018. The County's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on the Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2018.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statement of the County, as of and for the year ended December 31, 2018, and the related notes to the financial statement. We issued our report thereon dated August 29, 2019, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with U.S. Generally Accepted Accounting Principles, and an unmodified opinion was issued regarding the presentation in accordance with the Regulatory Basis of Accounting. Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

August 29, 2019

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the County. The schedule and notes are presented as intended by the County.

DELAWARE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
Department of Justice					
Joint Law Enforcement Operations U.S. Marshals Service	Direct Grant	16.U01	JLEO-18-0454	\$ -	\$ 14,616
Violence Against Women Formula Grants Violence Against Women Formula Grants	Indiana Criminal Justice Institute	16.588	Award No. 6263	-	135,350
Edward Byrne Memorial Justice Assistance Grant Program 2015 JAG Grant 2016 Jag Grant	City of Muncie	16.738	2015-DJ-BX-0820 2016-DJ-BX-0535	- -	3,831 7,281
Total - Edward Byrne Memorial Justice Assistance Grant Program				-	11,112
Total - Department of Justice				-	161,078
Department of Transportation					
Highway Planning and Construction Cluster Highway Planning and Construction Tiger Drive Bridge Cumulative Bridge EDIT Bridge 226 Cumulative Bridge Roundabout EDIT Tillotson Bridge Cumulative Bridge Bridge Inspections Cumulative Bridge Highway Planning and Construction Unified Planning Work Program	Indiana Department of Transportation	20.205			
			Des. No. 710098	-	14,657
			Des. No. 710098	-	93,833
			Des. No. 900990	-	20,448
			Des. No. 1006111	-	474
			Des. No. 1382332	-	217,349
			Des. No. 1400281	-	59,699
			Des. No. 1600639	-	133,016
Total - Highway Planning and Construction Cluster				-	539,476
Highway Safety Cluster State and Community Highway Safety Operation Pullover	City of Muncie	20.600	D3-18-11910	-	24,483
Alcohol Impaired Driving Countermeasures Incentive Grants I DUI Taskforce	City of Muncie	20.601	D3-18-12060	-	12,553
Total - Highway Safety Cluster				-	37,036
Interagency Hazardous Materials Public Sector Training and Planning Grants Hazmat Training	Indiana Department of Homeland Security	20.703	HM-HMP- 0548-16	-	6,911
Total - Department of Transportation				-	583,423

DELAWARE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Health and Human Services</u>					
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	Indiana State Department of Health	93.074	FY 2018 and 2019	-	27,036
Immunization Cooperative Agreements Immunization Grant	Indiana State Department of Health	93.268	H23IP000723	-	5,615
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds Immunization Grant	Indiana State Department of Health	93.539	NH23IP000723	-	33,270
Child Support Enforcement	Indiana Department of Child Services				
Clerk		93.563	FY 2018	-	105,500
Indirect Costs			FY 2018	-	160,288
Prosecutor			FY 2018	-	319,356
Court Costs			FY 2018	-	141,133
General Incentive			FY 2018	-	41,532
Prosecutor Incentive			FY 2018	-	64,221
Clerk Incentive			FY 2018	-	21,056
Total - Child Support Enforcement				-	853,086
State Court Improvement Program Delaware County Family Drug Treatment Court	Indiana Supreme Court	93.586	Delaware-CIP-2017BT	-	9,024
Total - Department of Health and Human Services				-	928,031
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants Emergency Management	Indiana Department of Homeland Security	97.042	EMC-2017-EP-00002	-	62,005
Total - Department of Homeland Security				-	62,005
Total federal awards expended				\$ -	\$ 1,734,537

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

DELAWARE COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2018. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the County, it is not intended to and does not present the financial position of the County.

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 2. Indirect Cost Rate

The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

DELAWARE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	yes
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance for it:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
93.563	Child Support Enforcement	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2018-001

Subject: Financial Transactions and Reporting - County Sheriff
Audit Finding: Significant Deficiency

Repeat Finding

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

DELAWARE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

There were deficiencies in the internal control system of the County related to financial transactions and reporting of the County Sheriff. For the Sheriff's Inmate Trust fund, there were no control procedures in place to ensure the accuracy of the bank account reconciliations or the reconciliation with inmate trust balances.

Context

The lack of controls was a systemic issue, which occurred 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.

Effect

The failure to establish controls could have enabled misstatements or irregularities to remain undetected.

Recommendation

We recommended that the County Sheriff establish a system of internal controls related to financial transactions and reporting.

DELAWARE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2018-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Condition

The County had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Schedule of Expenditure of Federal Awards (SEFA). One employee prepared and entered the federal award information into Gateway without evidence of a control in place to detect and correct errors prior to submission.

Context

The SEFA contained the following errors:

1. The Joint Law Enforcement Operations direct grant was omitted, which understated grant expenditures by \$14,616.
2. The Violence Against Women Formula Grants expenditures were omitted, which understated grant expenditures by \$135,350.
3. The Highway Planning and Construction Cluster expenditures included state funds, which overstated federal expenditures by \$24,476.
4. The Highway Safety Cluster expenditures were overstated by \$3,613.
5. The Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements grant expenditures were understated by \$6,000.
6. The Immunization Cooperative Agreements grant expenditures were overstated by \$33,270.
7. The PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds grant expenditures were omitted, which understated grant expenditures by \$33,270.
8. The Child Support Enforcement grant expenditures were understated by \$125,075.
9. The Emergency Management Performance Grants expenditures were overstated by \$60.
10. Not all program names, grants, and identifying numbers were correct or listed.

Audit adjustments were proposed, accepted by the County, and made to the SEFA.

DELAWARE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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. . . ."

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.

DELAWARE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (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."

Cause

The County's 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.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the County. The documents are presented as intended by the County.



EDWARD E. CARROLL JR.
DELAWARE COUNTY TREASURER

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FAX 765-213-1275
ecarroll@co.delaware.in.us

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-001

Fiscal year in which the finding initially occurred: 2017

County Treasurer: Outstanding Checks

Contact Person Responsible for the Corrective Action: Ed Carroll

Contact Phone Number: 765-747-7808

STATUS OF AUDIT FINDING:

Because the 2016 and 2017 audits were completed at the same time, there was no time available to implement corrective action in 2017 to prevent finding.

All financials, bank statements, TR-47 and bank reconciliation have been included as part of the month end reporting. TR-47 and bank reconciliation were both prepared by Assist Bookkeeper. Prior to February 2016, Assistant Bookkeeper kept self-made spreadsheet of outstanding checks. However the outstanding checks, the prior Assistant Bookkeeper had not kept any records of outstanding checks since February 2016 and resigned January 2017. During transition training period of old and new Assistant Bookkeepers. Training on tracking of outstanding checks in a spreadsheet never occurred, given the fact tracking stopped by old Assistant Bookkeeper in February of 2016. New Assistant Bookkeeper was hired February 2017, she did not go back to 2016 when reconciling outstanding checks.

Description of Corrective Action Plan: A separation of duties has been implemented. Head Bookkeeper completes preliminary TR-47, Assist Bookkeeper completes bank reconciliation. Both reports are required to match, certified by Auditor and signed by office holder prior to TR-47 being submitted/uploaded in Gateway for DLGF.

We NO longer utilize a separate excel spreadsheet for tracking outstanding check. Bank statements "including outstanding checks" are imported into the check writing software system on a monthly basis for reconciliation. The outstanding check list is now included w/month-end financials "bank statements, bank reconciliation and TR-47.

This corrective action plan should result in no findings for 2018 audit.

Signature

Title

Date



EDWARD E. CARROLL JR.
DELAWARE COUNTY TREASURER

100 West Main Street, RM 102
MUNCIE, INDIANA 47305

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-001

Fiscal year in which the finding initially occurred: 2017

County Treasurer: Overstatement of Receipts and Expenditures on "Supplemental Annual Financial Report"

Contact Person Responsible for the Corrective Action: Ed Carroll

Contact Phone Number: 765-747-7808

STATUS OF AUDIT FINDING:

Because the 2016 and 2017 audits were completed at the same time, there was no time available to implement corrective action in 2017 to prevent finding.

Although supporting hand written notes on documents of phone conversations with SBOA indicate "bi-annual settlement" amounts should be included "Supplemental Annual Financial Report" which caused and overstatement of Receipts and Expenditures.

The settlement amounts were included on the "Supplemental Annual Financial Report" which is the form supplied to the auditor reporting year end financials.

Description of Corrective Action Plan: Settlement amounts are NO longer included on the "Supplemental Annual Financial Report". New policy and procedures have been implemented outlined how to complete "Supplemental Annual Financial Report" as part of internal controls. Now Office holder reviews and signs prior to submitting to Auditor.

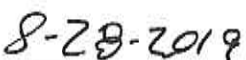
This corrective action plan should result in no findings for 2018 audit.



Signature



Title



Date



Steven G. Craycraft
Delaware County Auditor

SUMMARY OF PRIOR AUDIT FINDINGS

FINDING 2017-001

Fiscal year in which the finding occurred was 2017

Contact Person Responsible for Corrective Action:

Brad Bookout, Director of Delaware County Redevelopment Commission

Contact Phone Number:

765-808-1484

STATUS OF AUDIT FINDING:

Item #3

The County Auditor's Office has oversight of all County Redevelopment Commission Accounts. The monthly bank statements and all claims for expenditures are submitted to the Auditor's Office for review and processing.

Respectfully,

A handwritten signature in blue ink, appearing to read "S. Craycraft", is written over the printed name.

Steven G. Craycraft, Auditor

Delaware County, Indiana

100 W. Main Street Room 103 Muncie, IN 47305
Office: 765-747-7717 Fax: 765-741-3422
E-mail: scraycraft@co.delaware.in.us



Steven G. Craycraft
Delaware County Auditor

August 28, 2019

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-001

Fiscal Year in Which the Finding Initially Occurred: 2017

Contact Person Responsible for Corrective Action:

Tony Skinner, Sheriff
(Report Completed by County Auditor)

Contact Phone Number:

765.747.7885

STATUS OF AUDIT FINDING:

Item #4

This administration took office January 1, 2019 and has contracted with a new vendor (Genesis) to provide better reconciliation of the inmate trust accounts. In addition to the new vendor, other personnel have been assigned to this position.

To be completed January – March 2019.

Respectfully,

A handwritten signature in blue ink that reads "Steven G. Craycraft".

Steven G. Craycraft
Auditor, Delaware County



Steven G. Craycraft
Delaware County Auditor

August 27, 2019

CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action:

Tony Skinner, Sheriff

Contact Phone Number:

765.747.7885

VIEWS OF RESPONSIBLE OFFICIAL:

Concur with the findings and the need for corrective action(s).

DESCRIPTION OF CORRECTIVE ACTION PLAN:

Accounts are now reconciled monthly by the Office Manager and reviewed by the County Sheriff.

ANTICIPATED COMPLETION DATE:

This is a new Sheriff administration (January 1, 2019) and the corrective actions began immediately upon discovering the deficiencies for the previous administration. Corrective actions will be completed no later than December 31, 2019, if not sooner.

Respectfully,

A handwritten signature in blue ink that reads "Steven G. Craycraft".

Steven G. Craycraft
Auditor, Delaware County

100 W. Main Street Room 103 Muncie, IN 47305
Office: 765-747-7717 Fax: 765-741-3422
E-mail: scraycraft@co.delaware.in.us



Steven G. Craycraft
Delaware County Auditor

August 27, 2019

CORRECTIVE ACTION PLAN

FINDING 2018-002

Contact Person Responsible for Corrective Action:

Steven G. Craycraft, Auditor

Contact Phone Number:

765.747.77717 Ext 114

VIEWS OF RESPONSIBLE OFFICIAL:

Concur with the findings and the need for corrective action(s).

DESCRIPTION OF CORRECTIVE ACTION PLAN:

Entries are now checked by the Head Bookkeeper and the County Auditor to ensure that the proper amount(s) are entered into the Gateway program.

ANTICIPATED COMPLETION DATE:

December 31, 2019

Respectfully,

A handwritten signature in blue ink that reads "Steven G. Craycraft".

Steven G. Craycraft
Auditor, Delaware County

OTHER REPORTS

In addition to this report, other reports may have been issued for the County. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.