

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

GRANT COUNTY, INDIANA

January 1, 2018 to December 31, 2018



**FILED**  
09/26/2019



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### SCHEDULE OF OFFICIALS

| <u>Office</u>                                     | <u>Official</u>                         | <u>Term</u>                                  |
|---|---|--|
| County Auditor                                    | Roger A. Bainbridge<br>James E. McWhirt | 01-01-15 to 12-31-18<br>01-01-19 to 12-31-22 |
| County Treasurer                                  | Sarah A. Melford<br>Tiffany N. Griffith | 01-01-17 to 04-13-18<br>04-14-18 to 12-31-20 |
| Clerk of the Circuit Court                        | Carolyn J. Mowery<br>Pamela K. Harris   | 08-01-15 to 12-31-18<br>01-01-19 to 12-31-22 |
| County Sheriff                                    | Reggial E. Nevels, Sr.                  | 01-01-15 to 12-31-22                         |
| County Recorder                                   | Pamela K. Harris<br>Kathy Foy           | 01-01-17 to 12-31-18<br>01-01-19 to 12-31-20 |
| President of the Board of<br>County Commissioners | Michael H. Burton                       | 01-01-18 to 12-31-19                         |
| President of the<br>County Council                | James E. McWhirt<br>Shane Middlesworth  | 01-01-18 to 12-31-18<br>01-01-19 to 12-31-19 |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF GRANT COUNTY, INDIANA

This report is supplemental to our audit report of Grant 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/](http://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

August 29, 2019

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COUNTY AUDITOR  
GRANT COUNTY

COUNTY AUDITOR  
GRANT COUNTY  
AUDIT RESULTS AND COMMENTS

***FUND SOURCES AND USES***

All Counties were required to adjust their funds to account for Local Income Tax (LIT) by the end of 2017.

COIT County Distributive Shares fund (Fund 1121) was required to be transferred to the General fund, but the County incorrectly transferred the \$129,832 balance to the LIT Property Tax Relief fund (Fund 6203). CEDIT - Special Legislation fund (Fund 1113) was required to be transferred to the LIT Special Purpose fund (Fund 1114), but the County incorrectly transferred the \$78,859 balance to the LIT Property Tax Relief fund (Fund 6203).

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

***CONDITION OF RECORDS - TAX SALE SURPLUS***

A similar comment also appeared in prior Report B51595, entitled *CONDITION OF RECORDS - TRUST FUNDS*.

The detailed supporting documentation presented for audit for the activity of the Tax Sale Surplus fund was not in agreement with the cash balance reported for the fund on the financial statement. The lack of reconciliation resulted in a variance of \$10,755 at December 31, 2018, wherein the cash balance of the supporting documentation exceeded the financial statement cash balance.

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 Auditors of Indiana, Chapter 1)

**James E. McWhirt**

*Grant County Auditor*  
Grant County Complex  
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**OFFICIAL RESPONSE**

The following is my response to the Audit Results and Comments pertaining to the Grant County Auditor's Office for the audit period January 1, 2018 through December 31, 2018.

FUND SOURCES AND USES

I concur with the comment. After being informed of the posting errors, transactions were generated and posted to correct them.

CONDITION OF RECORDS – TAX SALE SURPLUS

I concur with the comment. My office staff will make it a priority to resolve the variance noted.



James E. McWhirt  
County Auditor  
Grant County, Indiana  
Thursday, August 29, 2019

COUNTY AUDITOR  
GRANT COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2019, with James E. McWhirt, County Auditor; Angie Jarvis, Chief Deputy County Auditor; Ron Mowery, County Commissioner; and Shane Middlesworth, President of the County Council.

COUNTY TREASURER  
GRANT COUNTY

COUNTY TREASURER  
GRANT COUNTY  
AUDIT RESULTS AND COMMENTS

***MONTHLY FINANCIAL REPORT (FORM 47TR)***

A similar comment also appeared in prior Report B51595, entitled *MONTHLY FINANCIAL REPORT (FORM 47TR)*.

The County Treasurer's Monthly Financial Report (Form 47TR) is to be prepared by the 16th day of the following month. All 12 of the 2018 year reports were prepared after the 16th day of the following month; some were prepared several months later.

Indiana Code 36-2-10-16(a) states in part: "Before the sixteenth day of each month, the treasurer shall prepare a report showing, as of the close of business on the last day of the preceding month, the following items: . . ."

On or before the 16th day of each month the treasurer shall prepare a report showing the financial condition of the office as of the close of business on the last day of the preceding month.

This report shall show the amounts with which the treasurer is chargeable for the various funds and accounts, the amounts with which the treasurer is credited for money on deposit, invested and cash on hand, and any long or short at the close of each month. The report also provides space for reconciliation with depositories.

The report shall be prepared in quadruplicate and each copy shall be verified by certificate of the treasurer. The treasurer shall retain one copy as a public record in the office and three copies shall be filed with the county auditor. The county auditor shall file the original of said reports with the records of the county board of finance, one copy shall be presented to the board of county commissioners at its next regular meeting, and the county auditor shall immediately transmit one copy to the State Board of Accounts. [IC 36-2-9-11 and 36-2-10-16] (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 5)

COUNTY TREASURER  
GRANT COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

***BANK ACCOUNT RECONCILIATIONS***

Depository reconciliations of the fund balances to the bank account balances were attempted, but not completed for any month during the audit period. As of December 31, 2018, difference between the adjusted bank reconciliation balance and the County Auditor's fund ledger balance indicated a cash short of \$107,252, which was determined to be immaterial to the financial statement as a whole. The December 31, 2018 bank reconciliation contained various confirmed reconciling items that were dated as far back as 2012.

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."

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

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)



**Grant County**  
*progress **IN** motion*

August 30, 2019

State Board of Accounts  
302 W Washington St, Room E418  
Indianapolis, IN 46204-2765

RE: Official Response to Audit - 2018

Please accept this correspondence as my official response to the Audit Results and Comments included in the audit for the year ending December 31, 2018.

As Treasurer, I concur with the Audit Results and Comments included in this report. I fully accept the responsibilities of my office. We have identified weaknesses in our internal controls and are working diligently to resolve those deficiencies utilizing procedures that are effective, as well as efficient.

Upon discussing these deficiencies with State Board, we are implementing proactive changes within the office to remediate any future issues.

I appreciate the manner in which the field examiners of the Indiana State Board of Accounts brought such items to my attention. Along with their guidance and support they gave, our office can continue on a path of positive corrective action with effective, efficient, and accurate results.

I continue to be fully committed to fulfill the responsibilities of the office of Grant County Treasurer in the prescribed manner.

Thank you,



Tiffany Griffith

**Grant County**  
**Treasurer's Office**

**Tiffany Griffith**  
*Treasurer*

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COUNTY TREASURER  
GRANT COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2019, with Tiffany N. Griffith, County Treasurer; Andrea Pritchett, Chief Deputy County Treasurer; Ron Mowery, County Commissioner; and Shane Middlesworth, President of the County Council.

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COUNTY SHERIFF  
GRANT COUNTY

COUNTY SHERIFF  
GRANT COUNTY  
AUDIT RESULTS AND COMMENTS

**CONDITION OF RECORDS - INMATE TRUST AND SHERIFF COMMISSARY**

A similar comment also appeared in prior Reports B51595, entitled *CONDITION OF RECORDS - SHERIFF COMMISSARY*.

*Investment and Interest - Sheriff Commissary*

Financial records presented for audit were incomplete and not reflective of the activity of the Sheriff Commissary fund. At December 31, 2018, a Certificate of Deposit in the amount of \$75,000 was not posted to the Sheriff Commissary fund. Additionally, interest earned on the investment was automatically added to the principal and not recorded in the records of the Sheriff Commissary fund. As of December 31, 2018, the amount added to the principal, but not posted to the ledger, was \$3,666.

*Condition of Records - Inmate Trust and Sheriff Commissary*

During the audit period, the Jail Matron did not generate a detailed report of the Inmate Trust fund receipts, disbursements, and balances from their software system to reconcile to the Inmate Trust fund ledger, as required. The amount reported on the Sheriff Inmate Trust Supplemental County Annual Report (CAR-1) did not agree with the Inmate Trust fund ledger provided during the audit.

During the audit period, the Jail Matron did not generate a detailed report of Sheriff Commissary fund receipts, disbursements, and balances that agreed with the bank reconciliation or monthly summary reports, as required. The amount reported on the Sheriff Commissary Supplemental County Annual Report (CAR-1) did not agree with the Sheriff Commissary fund ledger provided during the audit.

Interest on investments should not be added automatically to the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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 Counties of Indiana, Chapter 1)

**JEAN (JOINT EFFORT AGAINST NARCOTICS) TEAM FUND**

The same comment also appeared in prior Report B51595, entitled *JEAN (JOINT EFFORT AGAINST NARCOTICS) TEAM FUND*.

During the audit period, the JEAN Team fund was maintained by the County Sheriff's Department rather than by the County Auditor. The JEAN Team fund is used to supplement the JEAN Team's federal grant budget.

During the subsequent period, on January 31, 2019, the County Sheriff's JEAN Team bank account was closed and the funds were remitted to the County Treasurer and posted to the County Auditor's ledger.

COUNTY SHERIFF  
GRANT COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

Indiana Code 36-2-10-9 states: "The treasurer shall receive money to which the county is entitled and shall disburse it on warrants issued and attested by the county auditor."

Indiana Code 36-2-9-12 states:

"The auditor shall keep an accurate account current with the county treasurer. Whenever a receipt given by the treasurer for money paid into the county treasury is deposited with the auditor, the auditor shall:

- (1) file the treasurer's receipt;
- (2) charge the treasurer with the amount of the treasurer's receipt; and
- (3) issue the auditor's own receipt to the person presenting the treasurer's receipt."

Indiana Codes 36-2-7-15, 36-8-10-22, and 36-8-10-21 provide statutory authority for the establishment of the Sheriff's Cashbook, Inmate Trust Fund, and the Commissary Fund, respectively. These are the only three funds specifically authorized to be held by the County Sheriff outside the County Auditor's office.

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

***BANK ACCOUNT RECONCILIATIONS - INMATE TRUST AND SHERIFF COMMISSARY***

A similar comment also appeared in prior Reports B51595, entitled *BANK ACCOUNT RECONCILIATIONS - INMATE TRUST*.

During 2017, the County Sheriff changed the accounting software for Inmate Trust. As a result, a new checking account was opened. The old checking account remained open, but was not actively used. At December 31, 2018, the old checking account had a balance of \$125,764.

Of this amount, and as of December 31, 2018, \$121,698 needs to be transferred to the Sheriff Commissary fund. This amount includes a duplicate error correction in the amount of \$119,567. On February 7, 2017, funds from Sheriff Commissary were erroneously transferred back into the old checking account. The remaining funds are miscellaneous errors.

In addition, \$4,066 in old outstanding checks were identified for this account. These funds should be remitted to the Indiana Attorney General's Unclaimed Funds.

There were erroneous deposits in transit documented as reconciling items on the Inmate Trust and Sheriff Commissary bank reconciliations in the amount of \$4,070 and \$11,637, respectively.

Cash change was not accounted for in the bank reconciliation for Inmate Trust or Sheriff Commissary. In addition, cash change was not documented in the ledger balance of the Inmate Trust or Sheriff Commissary funds.

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."

COUNTY SHERIFF  
GRANT COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

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 Counties of Indiana, Chapter 1)

Indiana Code 32-34-1-27(a) states: "Except as provided in subsections (b) (c), on the date a report is filed under section 26 of this chapter, the holder shall pay or deliver to the attorney general the property that is described in the report as unclaimed."

### **SUPPORTING DOCUMENTATION**

The County Sheriff did not provide supporting documentation for all receipts and disbursements selected for testing. For the Inmate Trust fund, supporting documentation was not provided for 53 of the 53 receipts and 21 of the 49 disbursements selected. For the Sheriff Commissary fund, supporting documentation was not provided for 12 of the 18 receipts and 7 of the 14 disbursements selected.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

### **INTERNAL CONTROLS - INMATE TRUST AND SHERIFF COMMISSARY**

Internal controls over the recording and reconciling of the financial transactions of the Inmate Trust and Sheriff Commissary funds were deficient. As a result of the internal control deficiencies, errors remained undetected.

Bank reconciliations were performed monthly and reviewed by someone other than the preparer; however, every monthly bank reconciliation for the Inmate Trust and Sheriff Commissary funds were incorrect during the audit period. Each monthly reconciliation included deposits in transit that had already been deposited in the financial institution. Cash change funds were not accounted for in the bank reconciliations or in the Inmate Trust and Sheriff Commissary funds. A bank account was included on the Inmate Trust reconciliation that should have been part of the Sheriff Commissary reconciliation. Old outstanding checks should have been remitted to the Indiana Attorney General's Unclaimed Funds. The County Sheriff's Department did not account for their cash change fund in their ledger or their bank reconciliation. A certificate of deposit had not been posted to the Sheriff Commissary fund and, therefore, the County Sheriff's Department had not reconciled their investments balances.

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 SHERIFF  
GRANT COUNTY  
AUDIT RESULTS AND COMMENTS  
(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. . . ."

COUNTY SHERIFF  
GRANT COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 28, 2019, with Reggial E. Nevels, Sr., County Sheriff; Tim Holtzleiter, Chief Deputy County Sheriff; and Sandie Graf, Jail Matron.

The contents of this report were also discussed on August 29, 2019, with Ron Mowery, County Commissioner, and Shane Middlesworth, President of the County Council.