

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

MARTIN COUNTY, INDIANA

January 1, 2018 to December 31, 2018



FILED

10/04/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	January Roush (Vacant) Bobbie Abel	01-01-16 to 06-19-18 06-20-18 to 07-02-18 07-03-18 to 12-31-20
County Treasurer	Lori D. Carrico	01-01-17 to 12-31-20
Clerk of the Circuit Court	Gerald D. Montgomery	01-01-15 to 12-31-22
County Sheriff	James Roush	01-01-15 to 12-31-22
County Recorder	Rhonda Sanders	01-01-17 to 12-31-20
President of the Board of County Commissioners	Paul George	01-01-18 to 12-31-19
President of the County Council	C. Richard Summers	01-01-18 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MARTIN COUNTY, INDIANA

This report is supplemental to our audit report of Martin 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 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

August 15, 2019

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COUNTY AUDITOR
MARTIN COUNTY

COUNTY AUDITOR
MARTIN COUNTY
AUDIT RESULT AND COMMENT

FINANCIAL TRANSACTIONS AND REPORTING

A similar comment also appeared in prior Report B50771, entitled *ANNUAL FINANCIAL REPORT*.

Condition and Context

The County had not established an effective internal control system that separated incompatible activities related to financial transactions and reporting. The County Auditor entered and submitted the financial information into the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Report and financial statement. There was no evidence of a control, such as an oversight, review, or approval process to ensure the accuracy of the information entered and submitted.

The information reported by the County Auditor contained a number of errors and did not properly reflect the financial activity of the County. The 2018 beginning balance reported was overstated by \$19,569. Total receipts were understated by a net amount of \$1,265,389. Total disbursements were understated by a net amount of \$1,238,909.

Adjustments were proposed, approved by the County, and made to the financial statement.

Criteria

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](#)."

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
MARTIN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 15, 2019, with Bobbie Abel, County Auditor; Paul George, President of the Board of County Commissioners; and C. Richard Summers, President of the County Council.

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CLERK OF THE CIRCUIT COURT
MARTIN COUNTY

CLERK OF THE CIRCUIT COURT
MARTIN COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS

Condition and Context

There was a lack of segregation of duties within the internal control system of the Clerk of the Circuit Court (Clerk) related to financial transactions. The Clerk had not separated incompatible activities related to disbursements.

The same individuals responsible for preparation of checks also used the Clerk's signature stamp to sign those checks authorizing payment. There was no indication of a review, oversight, or approval process.

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:

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CLERK OF THE CIRCUIT COURT
MARTIN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 15, 2019, with Bobbie Abel, County Auditor; Gerald D. Montgomery, Clerk of the Circuit Court; Paul George, President of the Board of County Commissioners; and C. Richard Summers, President of the County Council.