

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

VERMILLION COUNTY, INDIANA

January 1, 2018 to December 31, 2018



FILED
10/15/2019

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---|-------------------------------------|--|
| County Auditor | Amy L. Tolbert | 01-01-17 to 12-31-20 |
| County Treasurer | Florinda A. Pruitt | 01-01-17 to 12-31-20 |
| Clerk of the Circuit Court | Amy Griffin | 01-01-15 to 12-31-22 |
| County Sheriff | Michael Phelps | 01-01-15 to 12-31-22 |
| County Recorder | Marge Hennis | 01-01-15 to 12-31-22 |
| President of the Board of County Commissioners | Tim J. Wilson | 01-01-18 to 12-31-19 |
| President of the County Council | Michael Carty John Michael Major | 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 VERMILLION COUNTY, INDIANA

This report is supplemental to our audit report of Vermillion 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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, 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
VERMILLION COUNTY

COUNTY AUDITOR
VERMILLION COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

The same comment also appeared in prior Report B53392.

Condition and Context

There were deficiencies in the internal control system of the County Auditor related to financial reporting. The County had not established a proper system of internal controls as they had not separated incompatible activities related to the preparation of the financial statement. The failure to establish controls could have enabled material misstatements to occur and remain undetected.

The County Auditor entered the County's financial information into the Indiana Gateway for Governmental Units financial reporting system, which was the source of the financial statement, without evidence of a control process such as an oversight, review, 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:

"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
VERMILLION COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2019, with Amy L. Tolbert, County Auditor; Tim J. Wilson, President of the Board of County Commissioners; John Michael Major, President of the County Council; and Ronald Dunavan, Jr., County Council member.