

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CRAWFORD COUNTY, INDIANA

January 1, 2018 to December 31, 2018



**FILED**  
10/18/2019



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Christian Howell	01-01-15 to 12-31-22
County Treasurer	Kelli R. Slaughterback	01-01-17 to 12-31-20
Clerk of the Circuit Court	Edna M. Brown Lisa Holzbog	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Sheriff	Jeff Howell	03-01-17 to 12-31-22
County Recorder	Jessica Villegas	01-01-15 to 12-31-22
President of the Board of County Commissioners	Dan Crecelius Morton Dale	01-01-18 to 12-31-18 01-01-19 to 12-31-19
President of the County Council	William E. Breeding	01-01-18 to 12-31-19



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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TO: THE OFFICIALS OF CRAWFORD COUNTY, INDIANA

This report is supplemental to our audit report of Crawford 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/](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

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COUNTY AUDITOR  
CRAWFORD COUNTY

COUNTY AUDITOR  
CRAWFORD COUNTY  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS**

*Condition and Context*

There were deficiencies in the internal control system of the County related to financial transactions and reporting. The County had not established an effective internal control system that separated incompatible activities related to payroll disbursements and financial close and reporting.

*Payroll Disbursements*

One employee in the County Auditor's office was responsible for entering pay rates; entering hours worked; recording leave time earned and used; calculating and posting the wages; issuing checks; making direct deposit payments for wages, tax payments, and payroll deductions; printing reports of payroll disbursements for review and approval; and preparing 941 reports, retirement reports, and W-2s. There was no evidence of an oversight, review, or approval process to prevent, or detect and correct, errors in a timely manner.

*Financial Close and Reporting*

The County Auditor prepared and submitted the financial information into the Annual Financial Report through the Indiana Gateway for Government Units financial reporting system, which was the source of the financial statement. There was no evidence of an oversight, review, or approval process that would have ensured that the information was accurate before submission.

*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:

COUNTY AUDITOR  
CRAWFORD COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

"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. . . ."

**CAPITAL ASSETS**

*Condition and Context*

The County had not adopted a capital assets policy, nor had they properly maintained a complete inventory of capital assets owned. No detailed capital assets ledger was presented for audit.

*Criteria*

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

COUNTY AUDITOR  
CRAWFORD COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 26, 2019, with Christian Howell, County Auditor; William E. Breeding, President of the County Council; and Morton Dale, President of the Board of County Commissioners.

COUNTY TREASURER  
CRAWFORD COUNTY

COUNTY TREASURER  
CRAWFORD COUNTY  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS**

*Condition and Context*

There were deficiencies in the internal control system of the County related to financial transactions and reporting. The County had not established an effective internal control system that separated incompatible activities related to cash and investments.

The County Treasurer was solely responsible for performing monthly bank reconciliations without any documented oversight, review, or approval process in place to ensure their accuracy.

*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. . . ."

CRAWFORD COUNTY TREASURER'S OFFICE  
715 JUDICIAL PLAZA DRIVE  
ENGLISH IN 47118  
KELLI SLAUGHTERBACK, TREASURER  
JANICE MITCHELL, 1<sup>ST</sup> DEPUTY  
812-338-2651  
FAX 812-338-3760

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September 26, 2019

Indiana State Board of Accounts

RE: Response to Audit

To Whom It May Concern:

I am writing this letter of response to the condition and context of the Audit results and comments I was given on 9-26-19.

I feel we have dual control set up in our internal control system in the Treasurer's office by the way the jobs are set up and defined.

My deputy gets on the on-line banking daily and checks for EFTs and any ACHs that have hit the account. At the end of the day one of the deputies balance the cash drawer. I do the cash sheet and the data entry in to the financial software. I do balance the checking account based on the EFTs, ACHs, deposits and checks that have been reported to me. At the end of the month the first deputy uses the cash book and the monthly comparison report to balance the funds to the cashbook. After I balance the checking account my first deputy balances it to the cashbook balance.

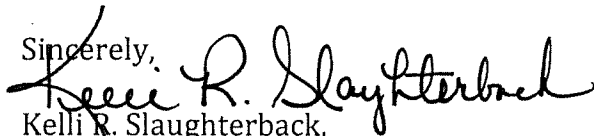
We developed a spreadsheet on excel that would help her keep track of all the numerous entries we carry monthly that would make her life easier when she performs all of these tasks listed above. It is not a state defined report, it was simply with our "stuff" that we gave to the field examiner when she asked for our boxes of 2018 work. It has no regulations tied to it due to the fact it is simply a "worksheet" if you will. The field examiner brought it to my deputy and asked if I initialed it on a monthly basis. She was told no, but we always thoroughly discuss each item listed that she is carrying because they are the same as the ones I am carrying on the bank

statement. That is balanced each and every month. She is given the ribbon of items being carried with the bank statement at the end of the month.

Our finding is based on a worksheet we developed in our office to just help us be more efficient and more thorough. We would have had no reason to believe we would be in violation of a internal control issue. We have a detailed listing that shows the deputy balances with the treasurer when the bank statement is balanced to the cashbook.

We began immediately initialing the form we developed, after my deputy prepares it each month. We will retain those on file for SBOA to review in our next audit.

Thank you for your time in this matter.

Sincerely,  
  
Kelli R. Slaughterback,  
Crawford County Treasurer

COUNTY TREASURER  
CRAWFORD COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 26, 2019, with Kelli R. Slaughterback, County Treasurer; William E. Breeding, President of the County Council; and Morton Dale, President of the Board of County Commissioners.