

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

PULASKI COUNTY, INDIANA

January 1, 2017 to December 31, 2018



**FILED**

10/31/2019



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
County Council:	
Audit Result and Comment:	
Internal Control Standards .....	6
Exit Conference .....	7
Clerk of the Circuit Court:	
Audit Result and Comment:	
Internal Controls over Disbursements and Financial Reporting .....	10
Official Response.....	11
Exit Conference .....	12
County Auditor:	
Audit Results and Comments:	
Internal Controls over Financial Transactions and Reporting.....	14-15
Late Submission of Annual Financial Report.....	15
Errors on Claims .....	15-16
Official Response.....	17
Exit Conference .....	18
County Transfer Station:	
Audit Result and Comment:	
Internal Controls.....	20
Exit Conference .....	21

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Laura M. Wheeler	01-01-17 to 12-31-20
County Treasurer	Teresa L. Bryant	01-01-17 to 12-31-20
Clerk of the Circuit Court	Christina L. Hoffa (deceased) (Vacant) JoLynn Behny	01-01-16 to 11-20-18 11-21-18 to 12-25-18 12-26-18 to 12-31-22
County Sheriff	Jeffery K. Richwine	01-01-15 to 12-31-22
County Recorder	Susan J. Fox	01-01-17 to 12-31-20
President of the Board of County Commissioners	Kenneth R. Becker	01-01-17 to 12-31-19
President of the County Council	Jerry G. Sullivan	01-01-17 to 12-31-19



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF PULASKI COUNTY, INDIANA

This report is supplemental to our audit report of Pulaski County (County), for the period from January 1, 2017 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

September 23, 2019

(This page intentionally left blank.)

COUNTY COUNCIL  
PULASKI COUNTY

COUNTY COUNCIL  
PULASKI COUNTY  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROL STANDARDS**

*Condition and Context*

The County failed to provide and document training to personnel over the internal control standards adopted, as required by Indiana Code 5-11-1-27(g). Personnel includes all Board of County Commissioners members, County Auditor, County Treasurer, etc. The County certified on Indiana's Gateway for Government Units financial reporting system on April 23, 2019, for both 2017 and 2018, that they had provided employees with internal control training. The County also missed the deadline of 60 days past the fiscal year to submit the report for both 2017 and 2018.

*Criteria*

Indiana Code 5-11-1-27(h) states:

"After June 30, 2016, the fiscal officer of a political subdivision shall certify in writing that:

- (1) the minimum internal control standards and procedures defined under subsection (e) have been adopted by the political subdivision; and
- (2) personnel, who are not otherwise on leave status, have received training as required by subsection (g)(2).

The certification shall be filed with the state board of accounts at the same time as the annual financial report required by section 4(a) of this chapter is filed. The certification shall be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

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](#)."

COUNTY COUNCIL  
PULASKI COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 23, 2019, with Laura M. Wheeler, County Auditor; Kenneth R. Becker, President of the Board of County Commissioners; Jerry Locke, County Commissioner; Jerry G. Sullivan, President of the County Council; Kathleen Thompson, County Council member; JoLynn Behny, Clerk of the Circuit Court; Teresa Bryant, County Treasurer; and Bradley J. Bonnell, County Transfer Station Director.

(This page intentionally left blank.)

CLERK OF THE CIRCUIT COURT  
PULASKI COUNTY

CLERK OF THE CIRCUIT COURT  
PULASKI COUNTY  
AUDIT RESULT AND COMMENT

***INTERNAL CONTROLS OVER DISBURSEMENTS AND FINANCIAL REPORTING***

A similar comment also appeared in the prior Report B48704, entitled *INTERNAL CONTROLS*.

*Condition and Context*

The Clerk of the Circuit Court recorded and processed disbursements without a proper system of oversight or review to ensure that they were recorded to the proper account and disbursed to the proper vendor. In addition, the Supplemental Annual Financial Report, which was included in the County Annual Financial Report, was prepared and submitted to the County Auditor without a system of oversight or review.

*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. . . ."



*JoLynn Behny*

---

Pulaski County Clerk of Courts

October 21, 2019

**Corrective Action Plan**

**Report period beginning date:** 01/01/2017

**Report period ending date:** 12/31/2018

**Title of Result and Comment:** Internal controls over disbursements, and financial reporting – Clerk

**Contact Person Responsible for Corrective Action:** JoLynn Behny, Clerk

**Contact's Phone Number:** (574) 946-3313

**Contact's Email Address:** [pulaskiclerk@pulaskicounty.in.gov](mailto:pulaskiclerk@pulaskicounty.in.gov)

**Views of Responsible Official:** We agree with the repeat finding identified; however there were extenuating circumstances within the Clerk's office during this audit period, including the fact that the Clerk at the time, Christina Hoffa, was out of the office for the majority of the second half of 2017 and almost all of 2018 due to a leukemia diagnosis. The 1<sup>st</sup> deputy called in to do the financial reporting started immediately after the Clerk received her diagnosis with no one to show her what her duties were. The prior 1<sup>st</sup> deputy had been terminated immediately prior to the Clerk receiving her diagnosis. At the time of the filing of the 2018 yearend report, I as the new Clerk had just started in the office on December 26, 2018. We have moved forward and changed our office policy on disbursements, making copies of bond release checks and having two people initial them. Weekly disbursements are double-checked and initialed by two people.

JoLynn Behny  
Pulaski County Clerk of Courts  
[pulaskiclerk@pulaskicounty.in.gov](mailto:pulaskiclerk@pulaskicounty.in.gov)

Courthouse ~:~ Room 230 ~:~ 112 East Main Street ~:~ Winamac, IN 46996  
Telephone: (574) 946-3313 ~:~ Fax: (574) 946-4953

CLERK OF THE CIRCUIT COURT  
PULASKI COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 23, 2019, with Laura M. Wheeler, County Auditor; Kenneth R. Becker, President of the Board of County Commissioners; Jerry Locke, County Commissioner; Jerry G. Sullivan, President of the County Council; Kathleen Thompson, County Council member; JoLynn Behny, Clerk of the Circuit Court; Teresa Bryant, County Treasurer; and Bradley J. Bonnell, County Transfer Station Director.

COUNTY AUDITOR  
PULASKI COUNTY

COUNTY AUDITOR  
PULASKI COUNTY  
AUDIT RESULTS AND COMMENTS

***INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

A similar comment also appeared in the prior Report B48704, entitled *INTERNAL CONTROLS*.

*Condition and Context*

There were deficiencies in the internal control system for the County related to financial transactions and reporting. The County had not separated incompatible activities related to cash and investments, disbursements, and financial reporting. The failure to establish these controls enabled material misstatements to occur.

*Cash and Investments*

The County did not have proper controls in place over cash and investments. One individual prepared the bank reconciliations without proper oversight or review.

*Vendor Disbursement*

The County did not have proper controls in place over vendor disbursements. One individual was responsible for preparing and recording all vendor disbursements without proper oversight or review to ensure that the disbursements were recorded in the correct fund and for the correct amount.

*Payroll Disbursements*

The County did not have proper controls in place to ensure the accuracy of the payroll disbursements. One individual prepared payroll without a proper system of oversight or review to ensure that all the employees were paid from the proper fund and the correct amounts.

*Financial Reporting*

The County did not have proper controls in place to ensure accurate financial reporting. The County incorrectly reported the Settlement fund as a combined fund. The Settlement fund was included with another fund on the County's financial statement. Audit adjustments of over \$8 million each year were proposed and approved by the County Auditor and made to the financial statement.

*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.

COUNTY AUDITOR  
PULASKI 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. . . ."

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](#)."

### **LATE SUBMISSION OF ANNUAL FINANCIAL REPORT**

#### *Condition and Context*

The County's Annual Financial Report for 2018 was not filed electronically until April 23, 2019, which was 53 days past the due date.

#### *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](#)."

### **ERRORS ON CLAIMS**

#### *Condition and Context*

The County did not have an Accounts Payable Voucher (APV), a prescribed form, for payroll clearing and payroll withholding disbursements. Due to the lack of an APV, payroll disbursements were not certified by the fiscal officer, and the Board of County Commissioners could not verify that the APVs agreed to supporting documentation.

In addition, some vendor disbursements lacked approval by the officer receiving goods and the certification by the fiscal officer even when an APV was present. Seventeen of the fifty-one vendor disbursements tested for the period did not have Board of County Commissioners' approval.

#### *Criteria*

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

COUNTY AUDITOR  
PULASKI COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

Each claim or voucher must be approved by the officer or department head receiving the merchandise or services in the space provided on the claim or voucher. In counties having a purchasing department, where a signed receiving memorandum is furnished the auditor and becomes a part of the claim or voucher, further approval is not required. [IC 5-11-10-2] (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 8)

No claim or voucher shall be allowed by the board of county commissioners unless such claim or voucher has been duly itemized.

The board of county commissioners shall examine the merits of all claims or vouchers so presented and may, in its discretion, allow such claim or voucher, in whole or in part, as they may find to be valid. [IC 36-2-6-2] It is unlawful for any board of commissioners of any county or for any member thereof to make any allowance or to allow any claim or voucher against the county, or order the issuance of any county warrant for the payment of any sum of money, except at a regular or special session of the board. [IC 36-2-6-4] Each claim or voucher must show the date and amount allowed. If a claim or voucher is disallowed in whole or in part, this should be clearly shown on the claim or voucher and on the docket or register. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 8)

**AUDITOR PULASKI COUNTY**  
**LAURA M WHEELER**

Email: [pulaskiauditor@pulaskicounty.in.gov](mailto:pulaskiauditor@pulaskicounty.in.gov)

Courthouse Room 200  
112 East Main Street  
Winamac, Indiana 46996  
Phone: (574)-946-3653  
Fax: (574)-946-3928

To Whom It May Concern;

We do not agree with the repeat finding identified. At the previous exam, we were told that someone needed to review the financial statement information to eliminate risk of incorrect information being submitted. We immediately implemented the plan that the auditor would prepare the financial statement data and the Treasurer would review the information, initial, and date prior to submission. The plan was in effect. The problem with the financial statement is that the settlement funds were reported as one lump sum. I believe this was an inherited setup and being new to the auditor's office, I did not change the way it was being reported. Both the Treasurer and I knew the funds were combined and ensured that the amount was correct, which it is. I didn't know that it was an issue for them to be combined and now that I know, they will be separated on the 2019 AFR and in future years.

**Corrective Plan Action:** The Auditor will continue to prepare the AFR and the Treasurer will continue to review prior to submission. The combined funds will be separated for the 2019 AFR and future years. Since the 2019 AFR is due within 6 months, I believe this action to take place within the allotted time frame.

Thank you.

*Laura Wheeler*  
Auditor, Pulaski County  
112 E Main Street  
Winamac, IN 46996  
574-946-3653  
[pulaskiauditor@pulaskicounty.in.gov](mailto:pulaskiauditor@pulaskicounty.in.gov)

COUNTY AUDITOR  
PULASKI COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 23, 2019, with Laura M. Wheeler, County Auditor; Kenneth R. Becker, President of the Board of County Commissioners; Jerry Locke, County Commissioner; Jerry G. Sullivan, President of the County Council; Kathleen Thompson, County Council member; JoLynn Behny, Clerk of the Circuit Court; Teresa Bryant, County Treasurer; and Bradley J. Bonnell, County Transfer Station Director.

COUNTY TRANSFER STATION  
PULASKI COUNTY

COUNTY TRANSFER STATION  
PULASKI COUNTY  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS**

The same comment also appeared in prior Reports B40599, B42394, B44462, and B48704.

*Condition and Context*

Internal controls over the receipting, disbursing, recording, and accounting for the financial activities of the County Transfer Station were insufficient.

In addition, the County Transfer Station did not issue prenumbered tickets or receipts for weighed products brought in. A log sheet was kept for truck weights and cash or checks received. When consumers brought trash in by the bag, a fee was charged and cash or checks were placed in a drawer. Receipts were not issued and a cash register was not in use to account for the daily collections.

*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. . . ."

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY TRANSFER STATION  
PULASKI COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 23, 2019, with Laura M. Wheeler, County Auditor; Kenneth R. Becker, President of the Board of County Commissioners; Jerry Locke, County Commissioner; Jerry G. Sullivan, President of the County Council; Kathleen Thompson, County Council member; JoLynn Behny, Clerk of the Circuit Court; Teresa Bryant, County Treasurer; and Bradley J. Bonnell, County Transfer Station Director.