

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

PUTNAM COUNTY, INDIANA

January 1, 2018 to December 31, 2018



FILED
11/19/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Lorie Hallett	01-01-17 to 12-31-20
County Treasurer	Kathy Minnick	01-01-17 to 12-31-20
Clerk of the Circuit Court	Heather Gilbert	01-01-15 to 12-31-22
County Sheriff	Scott Stockton	01-01-15 to 12-31-22
County Recorder	Tracey Bridges	01-01-15 to 12-31-22
President of the Board of County Commissioners	Rick Woodall	01-01-18 to 12-31-19
President of the County Council	Darrel L. Thomas Dave Fuhrman	01-01-18 to 12-31-18 01-01-19 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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TO: THE OFFICIALS OF PUTNAM COUNTY, INDIANA

This report is supplemental to our audit report of Putnam 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

October 7, 2019

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BOARD OF COUNTY COMMISSIONERS
PUTNAM COUNTY

BOARD OF COUNTY COMMISSIONERS
PUTNAM COUNTY
AUDIT RESULTS AND COMMENTS

ADOPTION OF INTERNAL CONTROL STANDARDS

Condition and Context

The same comment also appeared in prior Reports B51088 and B51130.

The County developed internal control policies, but did not pass a proper internal control ordinance by June 30, 2016, as required by Indiana Code.

Criteria

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; . . ."

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

The same comment also appeared in prior Reports B51088 and B51130.

The County had not implemented training on Internal Control Standards. The County Auditor stated that a few of the employees had received the training, but there was no certification to verify that the training was performed. New employees had not received training.

Criteria

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

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

BOARD OF COUNTY COMMISSIONERS
PUTNAM COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 7, 2019, with Dave Fuhrman, President of the County Council; Rick Woodall, President of the Board of County Commissioners; Lorie Hallett, County Auditor; Evelyn Williams, Deputy County Auditor; and Kathy Minnick, County Treasurer.

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COUNTY AUDITOR
PUTNAM COUNTY

COUNTY AUDITOR
PUTNAM COUNTY
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT - SCHEDULE OF LEASES AND DEBT

Condition and Context

The Schedule of Leases and Debt information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system was materially misstated and did not properly reflect the debt obligations of the County. Two leases were reported which had been paid in full. The principal balance on debt was reported as \$0, but should have been \$3,437,883.

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](#)."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The same comment also appeared in prior Reports B51088 and B51130.

The County certified "yes" to both "Adopted Internal Control Standards" and "Training Received" when filing the Annual Financial Report within Gateway. Based on audit evidence, the County had not adopted internal control standards and had not ensured that training on internal control standards had been completed. Certifying "yes" to the questions was erroneous.

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](#)."

COUNTY AUDITOR
PUTNAM COUNTY
EXIT CONFERENCE

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COUNTY TREASURER
PUTNAM COUNTY

COUNTY TREASURER
PUTNAM COUNTY
AUDIT RESULT AND COMMENT

BANK ACCOUNT RECONCILIATIONS

Condition and Context

The same comment also appeared in prior Reports B51088 and B51130.

The County Treasurer did not properly research the variances between the bank reported bank balances and the Cash Book balance at December 31, 2018. Unidentified variances on the bank reconciliation totaled \$58,001. In addition, there were numerous identified variances that had not been corrected on the Cash Book or funds ledger.

Criteria

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 TREASURER
PUTNAM COUNTY
EXIT CONFERENCE

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