

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

MIAMI COUNTY, INDIANA

January 1, 2017 to December 31, 2018



FILED

12/05/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Mary Brown	01-01-17 to 12-31-20
County Treasurer	Annette Phillippo	08-01-16 to 12-31-20
Clerk of the Circuit Court	Tawna Leffel Sands Sherry Raber	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Sheriff	Timothy Miller Timothy S. Hunter	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Recorder	Rhonda Trexler	01-01-17 to 12-31-20
President of the Board of County Commissioners	Joshua D. Francis Alan Hunt	01-01-17 to 12-31-18 01-01-19 to 12-31-19
President of the County Council	Ethan Manning Ralph Duckwall	01-01-17 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 MIAMI COUNTY, INDIANA

This report is supplemental to our audit report of Miami 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/.

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

November 7, 2019

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CLERK OF THE CIRCUIT COURT
MIAMI COUNTY

CLERK OF THE CIRCUIT COURT
MIAMI COUNTY
AUDIT RESULT AND COMMENT

FINANCIAL TRANSACTIONS AND REPORTING

A similar comment appeared in the prior Report B49384.

Condition and Context

There were deficiencies in the internal control system of the Clerk of the Circuit Court (Clerk) related to financial transactions and reporting.

The Clerk had not separated incompatible activities related to receipts. Multiple employees used the two cash drawers in the following manner: one for Child Support receipts, and the other for all other receipts. Initials of the employee responsible for collecting each receipt were manually typed in the comment section of each receipt, with no evidence to document that daily receipts collected were verified by another employee prior to and after deposit.

The Clerk had not separated incompatible activities related to disbursements. One Deputy Clerk was responsible for processing, recording, and signing (via stamp) checks. There were two employees who were involved in the disbursement process, one for Child Support and one for all other Clerk Trust disbursements. However, there was no evidence of a review of approval process for each employee's work.

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. . . ."

CLERK OF THE CIRCUIT COURT
MIAMI COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 7, 2019, with Sherry Raber, Clerk of the Circuit Court; Alan Hunt, President of the Board of County Commissioners; Larry West, County Commissioner; Ralph Duckwall, President of the County Council; Sandy Chittum, County Council member; John Donaldson, County Council member; and Richard Wood, County Council member.