

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CARROLL COUNTY, INDIANA

January 1, 2016 to December 31, 2018



FILED
12/19/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Vickie Snipes	04-07-15 to 04-04-16
	Christina Johnson	04-05-16 to 04-15-16
	(Vacant)	04-16-16 to 04-17-16
	Thomas Gray	04-18-16 to 06-07-17
	Tara Wood (interim)	06-08-17 to 07-11-17
	Beth Myers	07-12-17 to 12-31-22
County Treasurer	Beth Myers	01-01-15 to 07-11-17
	(Vacant)	07-12-17 to 08-03-17
	Melinda Rossetter	08-04-17 to 12-31-22
Clerk of the Circuit Court	Andrea Miller (Vacant)	01-01-13 to 10-16-19 10-17-19 to 12-31-19
County Sheriff	Tobe Leazenby	01-01-15 to 12-31-22
County Recorder	Mary Ann Burton	01-01-13 to 12-31-16
	Penny Titus	01-01-17 to 12-31-20
President of the Board of County Commissioners	Patrick F. Clawson	01-01-16 to 12-31-16
	William Brown	01-01-17 to 12-31-19
President of the County Council	Jamie Rough	01-01-16 to 12-31-16
	Jason Scott	01-01-17 to 12-31-17
	Ann Brown	01-01-18 to 12-31-18
	Joshua Plue	01-01-19 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF CARROLL COUNTY, INDIANA

This report is supplemental to our audit report of Carroll County (County), for the period from January 1, 2016 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 Statements Audit Report of the County, which provides our opinion on the County's financial statements. 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 30, 2019

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COUNTY AUDITOR
CARROLL COUNTY

COUNTY AUDITOR
CARROLL 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 separated incompatible activities related to disbursements. The failure to establish these controls could have enabled material misstatements to occur and remain undetected.

The County did not have adequate controls in place to ensure that they followed their policies on approval of claims prior to payment.

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. . . ."

APPROVAL OF DISBURSEMENTS

Condition and Context

In 2018, thirty-nine vendor claims were tested for approval from the Board of County Commissioners (Board), twenty claims were not found on a Board Docket and seven were on a Board Docket, but did not have signatures of the County Commissioners. Due to these results, 2016 and 2017 vendor claims were not tested for approval from the Board.

Thirty-nine settlement disbursements were tested for 2016, 2017, and 2018, and none were approved by the Board.

Fourteen of ninety-seven vendor claims and two of twenty-one payroll claims tested did not have proper approvals by the County Auditor.

COUNTY AUDITOR
CARROLL COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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.

(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. . . ."

CERTIFICATION OF INTERNAL CONTROLS

Condition and Context

The County failed to adopt the acceptable minimum level of internal control standards as required by Indiana Code 5-11-1-27(g), yet provided training for their employees. However, the County certified on the Indiana Gateway for Government Units financial reporting system that the County adopted the internal control standards. Since they did not adopt a policy, the certification that they had adopted internal controls was incorrect.

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; . . ."

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
CARROLL COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 30, 2019, with Beth Myers, County Auditor; Melinda Rossetter, County Treasurer; William Brown, President of the Board of County Commissioners; Joshua Plue, President of the County Council; Loren Hylton, County Commissioner; and Tracy Martin, County Council member.

BOARD OF COUNTY COMMISSIONERS
CARROLL COUNTY

BOARD OF COUNTY COMMISSIONERS
CARROLL COUNTY
AUDIT RESULTS AND COMMENTS

APPROVAL OF DISBURSEMENTS

Condition and Context

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Thirty-nine settlement disbursements were tested for 2016, 2017, and 2018, and none were approved by the Board.

Fourteen of ninety-seven vendor claims and two of twenty-one payroll claims tested did not have proper approvals by the County Auditor.

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.

(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;

BOARD OF COUNTY COMMISSIONERS
CARROLL COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

- (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. . . ."

ADOPTION OF INTERNAL CONTROLS

Condition and Context

The County failed to adopt the acceptable minimum level of internal control standards as required by Indiana Code 5-11-1-27(g).

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; . . .
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

BOARD OF COUNTY COMMISSIONERS
CARROLL COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 30, 2019, with Beth Myers, County Auditor; Melinda Rossetter, County Treasurer; William Brown, President of the Board of County Commissioners; Joshua Plue, President of the County Council; Loren Hylton, County Commissioners; and Tracy Martin, County Council member.