

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WHITLEY COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED
04/30/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Jana L. Schinbeckler	01-01-19 to 12-31-22
County Treasurer	Laurell E. Schroeder	01-01-17 to 12-31-20
Clerk of the Circuit Court	Cindy Doolittle	01-01-19 to 12-31-22
County Sheriff	Marcus E. Gatton	01-01-19 to 12-31-22
County Recorder	Rosemary Brown	01-01-19 to 12-31-22
President of the Board of County Commissioners	George A. Schrupf Don Amber	01-01-19 to 12-31-19 01-01-20 to 12-31-20
President of the County Council	Thor Hodges Chad Banks	01-01-19 to 12-31-19 01-01-20 to 12-31-20



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF WHITLEY COUNTY, INDIANA

This report is supplemental to our audit report of Whitley County (County), for the period from January 1, 2019 to December 31, 2019. 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 opinions 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

April 20, 2020

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COUNTY AUDITOR
WHITLEY COUNTY

COUNTY AUDITOR
WHITLEY COUNTY
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

Condition and Context

The financial statement presented in the Financial Statement Audit Report included the following funds with overdrawn cash balances at December 31, 2019. These were neither related to a reimbursable grant fund nor a fund reliant on reimbursable fees.

Fund	Amount Overdrawn December 31, 2019
MHV Restricted	\$ 65,458
Firearms Training	325
Asset Forf & Money Laundering	156

Criteria

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The County Auditor incorrectly certified in the Indiana Gateway for Government Units financial reporting system that County personnel had received training regarding internal control standards for the audit period. Upon further inquiry with County officials, personnel received training when the internal control standards were adopted in 2016; however, personnel hired after the initial training have not received the internal control standards training.

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
WHITLEY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 20, 2020, with Jana L. Schinbeckler, County Auditor; Tiffany Forrester, Deputy County Auditor; Don Amber, President of the Board of County Commissioners; John Barrett, County Council member; William Overdeer, County Council member, and Timothy Kumfer, County Council member.

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COUNTY SHERIFF
WHITLEY COUNTY

COUNTY SHERIFF
WHITLEY COUNTY
AUDIT RESULTS AND COMMENTS

CONDITION OF RECORDS - SHERIFF'S INMATE TRUST FUND

The same comment also appeared in prior Report B53054.

Condition and Context

The various amounts that made up the balance in the Inmate Trust fund did not reconcile to the Sheriff's Inmate Trust fund control ledger at December 31, 2019. The individual/subsidiary amounts in the fund totaled \$18,112. The control ledger balance was \$26,094. The difference of \$7,982 is considered unidentified excess funds on the control ledger.

There is no evidence that the Sheriff's Inmate Trust fund subsidiary ledgers are being reconciled to the Inmate Trust fund control ledger nor to the reconciled bank balance.

Criteria

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

INTERNAL CONTROL - SHERIFF'S INMATE TRUST FUND

Condition and Context

Bank reconciliations of the Sheriff's Inmate Trust fund to the control ledger were prepared monthly without a proper system of internal controls in place to prevent or detect and correct errors. The lack of oversight allowed variances between the subsidiary ledgers, control ledger, and reconciled bank balance to remain undetected.

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. . . ."

COUNTY SHERIFF
WHITLEY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 20, 2020, with Marcus E. Gatton, County Sheriff; Carla Horn, County Sheriff matron; and Don Amber, President of the Board of County Commissioners.

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BOARD OF COUNTY COMMISSIONERS
WHITLEY COUNTY

BOARD OF COUNTY COMMISSIONERS
WHITLEY COUNTY
AUDIT RESULT AND COMMENT

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

Training on internal control standards was given to the Human Resources Department to complete, but, due to turnover in that department, a coherent method to ensure that all employees were trained had not been established. New employees have not been trained since 2016.

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: . . .

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

BOARD OF COUNTY COMMISSIONERS
WHITLEY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 20, 2020, with Don Amber, President of the Board of County Commissioners; John Barrett, County Council member; William Overdeer, County Council member, and Timothy Kumfer, County Council member.