

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BARTHOLOMEW COUNTY, INDIANA

January 1, 2019 to December 31, 2019



**FILED**  
08/14/2020



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Pia O'Connor	01-01-19 to 12-31-20
County Treasurer	Barbara Hackman	01-01-19 to 12-31-20
Clerk of the Circuit Court	Jay Phelps	01-01-19 to 12-31-20
County Sheriff	Matt Myers	01-01-19 to 12-31-20
President of the Board of County Commissioners	Rick Flohr	01-01-19 to 12-31-20
President of the County Council	Matt Miller	01-01-19 to 12-31-20



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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TO: THE OFFICIALS OF BARTHOLOMEW COUNTY, INDIANA

This report is supplemental to our audit report of Bartholomew 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/](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

June 30, 2020

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COUNTY AUDITOR  
BARTHOLOMEW COUNTY

COUNTY AUDITOR  
BARTHOLOMEW COUNTY  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS - FINANCIAL CLOSE AND REPORTING**

*Condition and Context*

There were several deficiencies in the internal control system of the County Auditor's and County Treasurer's offices related to financial transactions and reporting. These two offices are required to generate a monthly financial statement, and balance monthly. The monthly financial statements were not balanced for the last seven months of the audit period. The funds ledger cash balance reported on the cash book was not reconciled with the balance reported on the monthly financial statement.

The cash and investment balance of all funds reported on the December 2019 Monthly Financial Statement (Statement of Cash Position) was \$34,669,342. The funds ledger balance of all funds reported on the Indiana Gateway for Government Units (Gateway) financial reporting system was \$34,925,966. This is a difference of \$256,624. There were 22 funds which had a variance, either between the monthly financial statement of the two offices, and/or the balance reported on Gateway.

The Statement of Cash Position and Treasury Management by Fund reports were requested for March 2020. These two reports were in balance between the County Auditor and County Treasurer. Additionally, the funds ledger cash balance reported in the Treasurer's Cash Book for March 31, 2020, agreed to the balance reported on the Treasury Management by Fund report for March 2020.

*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:

COUNTY AUDITOR  
BARTHOLOMEW COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

"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. . . ."

**CAPITAL ASSETS**

*Repeat Comment*

The same comment also appeared in the prior Report B53000.

*Condition and Context*

The County did not maintain capital assets records that agreed to the capital assets reported on the Indiana Gateway for Government Units financial reporting system at December 31, 2019.

*Criteria*

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

COUNTY AUDITOR  
BARTHOLOMEW COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on June 30, 2020, with Pia O'Connor, County Auditor; Dalene Pattingill, Deputy Auditor; Larry Kleinhenz, County Commissioner; and Laura Dedomenic, County Council member.

COUNTY TREASURER  
BARTHOLOMEW COUNTY

COUNTY TREASURER  
BARTHOLOMEW COUNTY  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS - FINANCIAL CLOSE AND REPORTING**

*Condition and Context*

There were several deficiencies in the internal control system of the County Auditor's and County Treasurer's offices related to financial transactions and reporting. These two offices are required to generate a monthly financial statement, and balance monthly. The monthly financial statements were not balanced for the last seven months of the audit period. Additionally, the County Treasurer performs the monthly bank reconciliations. The funds ledger cash balance reported on the cash book was not reconciled with the balance reported on the monthly financial statement.

The Treasurer's Daily Record of Cash and Depositories (Cash Book) reported the cash balance for the funds ledger of \$33,229,891. The Treasurer's Monthly Financial Statement (Treasury Management by Fund) reported \$34,669,462. This is a difference of \$1,439,571.

The Statement of Cash Position and Treasury Management by Fund reports were requested for March 2020. These two reports were in balance between the County Auditor and County Treasurer. Additionally, the funds ledger cash balance reported in the Treasurer's Cash Book for March 31, 2020, agreed to the balance reported on the Treasury Management by Fund report for March 2020.

*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:

COUNTY TREASURER  
BARTHOLOMEW COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

"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. . . ."

**BANK ACCOUNT RECONCILIATIONS**

*Condition and Context*

The reconciliation was being performed each month; however, the amount reported in the Treasurer's Daily Balance of Cash and Depositories for Funds Ledger - Cash was not reconciled with the amount reported on the Monthly Financial Statement, Form 61 (Treasury Management by Fund report).

*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  
BARTHOLOMEW COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on June 30, 2020, with Barbara Hackman, County Treasurer; Sandra Beaty, Deputy Treasurer; Larry Kleinhenz, County Commissioner; and Laura Dedomenic, County Council member.