

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

RANDOLPH COUNTY, INDIANA

January 1, 2019 to December 31, 2019



**FILED**  
08/26/2020



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Laura Martin	01-01-19 to 12-31-20
County Treasurer	Debbie Preston	01-01-19 to 12-31-20
Clerk of the Circuit Court	Melinda Peed	01-01-19 to 12-31-20
County Sheriff	Art Moystner, Jr.	01-01-19 to 12-31-20
County Recorder	Jane Grove	01-01-19 to 12-31-20
President of the Board of County Commissioners	Michael Wickersham	01-01-19 to 12-31-20
President of the County Council	Gary Friend	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

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF RANDOLPH COUNTY, INDIANA

This report is supplemental to our audit report of Randolph 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

August 12, 2020

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CLERK OF THE CIRCUIT COURT  
RANDOLPH COUNTY

CLERK OF THE CIRCUIT COURT  
RANDOLPH COUNTY  
AUDIT RESULT AND COMMENT

**BANK ACCOUNT RECONCILIATIONS**

*Condition and Context*

The Clerk of the Circuit Court (Clerk) did not implement and follow their established control system to prevent and detect fraudulent activity that occurred during the audit period. False checks were created by an unknown individual, or individuals, and cleared the Clerk's bank in September, October, and November of 2019. The total amount of these checks was \$21,173, which was returned to the Clerk's account by the bank, after it was determined that the checks were fraudulent. The Clerk was not reconciling the bank statements monthly. The fraudulent activity that occurred could have been detected timelier if the established controls had been properly implemented.

*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. . . ."

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."

CLERK OF THE CIRCUIT COURT  
RANDOLPH COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 12, 2020, with Laura Martin, County Auditor; Gary Friend, President of the County Council; David Lenkensdofer, County Council member; Tom Chalfant, County Commissioner; Angela Lowe, Deputy County Auditor; Melinda Peed, Clerk of the Circuit Court; Art Moystner, Jr., County Sheriff; and Robin Vickery, Director of Community Corrections.

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BOARD OF COUNTY COMMISSIONERS  
RANDOLPH COUNTY

BOARD OF COUNTY COMMISSIONERS  
RANDOLPH COUNTY  
AUDIT RESULT AND COMMENT

**COMMUNITY CORRECTIONS POLICIES AND COLLECTION OF AMOUNTS DUE**

The same comment also appeared in prior Report B53910.

*Condition and Context*

The Community Corrections Department did not have a proper internal control system in place to ensure that County policies were followed regarding program fees and payments. Incorrect fees were continuously assessed, and not always paid in full by program participants, without detection by the County.

The Community Corrections Department is responsible for administering the work release, home detention, community transition, and other programs. The contracts for the home detention program were signed by each home detention program participant and the case manager, and call for payments for monitoring services which "must be paid in full before the termination of my home detention." The fees are \$9, \$12, or \$15 per day for adults, and \$5, \$8, \$11 for juveniles, depending on type of monitoring equipment used.

During testing, it was found that individuals were charged various daily fees, and none of the fees tested agreed with the fee amounts included in the contract.

*Criteria*

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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. . . ."

Units have a responsibility to collect amounts owed to the unit pursuant to procedures authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)



## Randolph County Commissioners

Randolph County Courthouse  
100 South Main Street, Room 102  
Winchester, Indiana 47394-1898  
Phone: (765) 584-6700 Fax: (765) 584-2958

August 18, 2020

State Board of Accounts  
302 West Washington Street  
Room E418  
Indianapolis, IN 46204-2769

State Board of Accounts:

In response to the State Board of Accounts Audit Response and Comment's pertaining to the Community Correction's Internal Controls as shared with several members of Randolph County Government Leadership on Wednesday, August 12<sup>th</sup>, 2020, the County is not in disagreement with the report and will take all appropriate and necessary actions to address the issues presented in the report.

Sincerely,

  
Michael D. Wickersham  
President Randolph County  
Board of Commissioners

BOARD OF COUNTY COMMISSIONERS  
RANDOLPH COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 12, 2020, with Laura Martin, County Auditor; Gary Friend, President of the County Council; David Lenkensdofer, County Council member; Tom Chalfant, County Commissioner; Angela Lowe, Deputy County Auditor; Melinda Peed, Clerk of the Circuit Court; Art Moystner, Jr., County Sheriff; and Robin Vickery, Director of Community Corrections.

COUNTY SHERIFF  
RANDOLPH COUNTY

COUNTY SHERIFF  
RANDOLPH COUNTY  
AUDIT RESULT AND COMMENT

**CONDITION OF RECORDS**

*Condition and Context*

We could not validate the financial statement receipts, disbursements, or cash balances reported for the Inmate Trust fund because of the condition of records. The County Sheriff's Department installed new automated software for the inmate trust in August 2019, and was not able to provide the necessary reports as of December 31, 2019, to validate the financial statement amounts.

The bank reconciliation report provided from the new software for December 31, 2019, shows a register balance of \$125,515, with outstanding deposits of \$113,408, which could not be verified. The outstanding deposits on the reconciliation were explained to be errors in the records, dating back to August and September of 2019. Supporting documentation to verify these amounts was not provided.

Additionally, the County Sheriff's Department was unable to provide a detailed listing of all inmate account balances at December 31, 2019, from the new software to support the cash balance of \$6,305 reported in the financial statement.

*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."

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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)

COUNTY SHERIFF  
RANDOLPH COUNTY  
EXIT CONFERENCE

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