

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

DECATUR COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED
09/24/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Janet S. Chadwell	01-01-19 to 12-31-20
County Treasurer	Brenda L. Dwenger Jamie Boling	01-01-19 to 12-31-19 01-01-20 to 12-31-20
Clerk of the Circuit Court	Adina A. Roberts	01-01-19 to 12-31-20
County Sheriff	Dave Durant	01-01-19 to 12-31-20
County Recorder	Dottie Robbins	01-01-19 to 12-31-20
President of the Board of County Commissioners	Richard J. Nobbe	01-01-19 to 12-31-20
President of the County Council	Ernest J. Gauck Danny Peters	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 DECATUR COUNTY, INDIANA

This report is supplemental to our audit report of Decatur 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

September 15, 2020

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COUNTY AUDITOR
DECATUR COUNTY

COUNTY AUDITOR
DECATUR COUNTY
AUDIT RESULT AND COMMENT

OVERDRAWN CASH BALANCES

The same comment also appeared in prior Reports B45162, B46351, B48989, B51637, B51639, and B53740.

Condition and Context

The financial statement includes the following funds with overdrawn cash balances at December 31, 2019:

Fund	Amount Overdrawn
20.608 Operation Pull Over	\$ 14,179
Courthouse Rehab	923,858
20.609 OP Belt Up	2,517
93.069 Public Health Prep	14,897
Community Corrections Project	579
EMPG Competitive	21,227
2014 District Sustainment	1,291
2014 District Training	645
2015 SHSP District 9 Equipment	1,292
SHSP Project Grant	4,558

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 Counties of Indiana, Chapter 1)

COUNTY AUDITOR
DECATUR COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 15, 2020, with Janet S. Chadwell, County Auditor; Richard J. Nobbe, President of the Board of County Commissioners; Danny Peters, President of the County Council; Christy Smiley, Deputy Auditor; and Teresa Reiger, Deputy Auditor.

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COUNTY TREASURER
DECATUR COUNTY

COUNTY TREASURER
DECATUR COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

The same comment also appeared in prior report B53740.

Condition and Context

The County Treasurer's office did not have an effective system of internal controls in place related to financial transactions and reporting.

Depository reconcilements of the fund balances to the bank account balances were conducted; however, there was not a documented oversight or review process in place to prevent, or detect and correct, errors.

Depository reconcilements of the fund balances to the bank account balances were completed. As of December 31, 2019, a difference between the adjusted bank reconciliation balance and the County Treasurer's Cash Book balance indicated a cash long of \$195,379. The \$195,379 was posted to the County Treasurer's Cash Book Other Sources as "Fund Difference." The December 31, 2019 bank reconciliation for one bank account contained various reconciling items that dated as far back as 2012. The reconcilements did not include sufficient detail for all reconciling items.

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.

COUNTY TREASURER
DECATUR COUNTY
AUDIT RESULT AND COMMENT
(Continued)

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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

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."

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 County Treasurers of Indiana, Chapter 1)

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 County Treasurers of Indiana, Chapter 1)

COUNTY TREASURER
DECATUR COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 15, 2020, with Jamie Boling, County Treasurer; Brenda L. Dwenger, former County Treasurer; Betsy Wiley, former Deputy Treasurer; Richard J. Nobbe, President of the Board of County Commissioners; Danny Peters, President of the County Council; Janet S. Chadwell, County Auditor; Christy Smiley, Deputy Auditor; and Teresa Reiger, Deputy Auditor.