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

SUPPLEMENTAL COMPLIANCE REPORT

OF

VANDERBURGH COUNTY, INDIANA

January 1, 2019 to December 31, 2019

FILED
11/19/2020

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SCHEDULE OF OFFICIALS

Office	Official	Term
County Auditor	Brian Gerth	01-01-19 to 12-31-20
County Treasurer	Susan Kirk	01-01-19 to 12-31-20
Clerk of the Circuit Court	Carla Hayden	01-01-19 to 12-31-20
County Sheriff	David L. Wedding	01-01-19 to 12-31-20
County Recorder	Debbie Stucki	01-01-19 to 12-31-20
President of the County Council	Joe Kiefer	01-01-19 to 12-31-19
	Tom Shetler, Jr.	01-01-20 to 12-31-20
President of the Board of County Commissioners	Ben Shoulders	01-01-19 to 12-31-19
	Jeff Hatfield	01-01-20 to 12-31-20

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF VANDERBURGH COUNTY, INDIANA

This report is supplemental to our audit report of Vanderburgh 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 Statements Audit Report of the County, which provides our opinions 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 8, 2020

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COUNTY AUDITOR
VANDERBURGH COUNTY

COUNTY AUDITOR
VANDERBURGH COUNTY
AUDIT RESULTS AND COMMENTS

ALLOCATION OF MVH RESTRICTED FUND

Condition and Context

The County did not allocate 50 percent of the distribution at the time of receipt in two instances from the State Motor Vehicle Highway Account to the MVH Restricted fund. In addition, the allocation was not made at all in January, February, March, April, May, and August.

Criteria

Starting on January 1, 2019, the political subdivision must post at the time of receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted. (State Examiner Directive 2018-2)

DISBURSEMENT ACTIVITY FROM MVH RESTRICTED FUND

Condition and Context

MVH Restricted fund disbursements were for activities not related to the construction, reconstruction or preservation of the County's highways for 4 of 10 disbursements tested. All 4 disbursements were for administrative costs and not allocated to any specific road or bridge project, which included support staff services, a general office utility expense, and a vehicle expense.

Criteria

Indiana Code 8-14-1-4(b) states: "For funds distributed to a county from the motor vehicle highway account, the county shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the county's highways."

COUNTY AUDITOR
VANDERBURGH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 8, 2020, with Brian Gerth, County Auditor; Jeff Hatfield, President of the Board of County Commissioners; Cheryl A. W. Musgrave, County Commissioner; and Tom Shetler, Jr., President of the County Council.

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COUNTY HIGHWAY DEPARTMENT
VANDERBURGH COUNTY

COUNTY HIGHWAY DEPARTMENT
VANDERBURGH COUNTY
AUDIT RESULT AND COMMENT

DISBURSEMENT ACTIVITY FROM MVH RESTRICTED FUND

Condition and Context

MVH Restricted fund disbursements were for activities not related to the construction, reconstruction, or preservation of the County's highways for 4 of 10 disbursements tested. All 4 disbursements were for administrative costs and not allocated to any specific road or bridge project, which included support staff services, a general office utility expense, and a vehicle expense.

Criteria

Indiana Code 8-14-1-4(b) states: "For funds distributed to a county from the motor vehicle highway account, the county shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the county's highways."

COUNTY HIGHWAY DEPARTMENT
VANDERBURGH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 8, 2020, with Scot Wichser, County Highway Superintendent; Lucretia Murphy, Bookkeeper/Payroll Clerk; Brian Gerth, County Auditor; Jamie Rutherford, Bookkeeper/Payroll; Jeff Hatfield, President of the Board of County Commissioners; Cheryl A. W. Musgrave, County Commissioner; and Tom Shetler, Jr., President of the County Council.

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CLERK OF THE CIRCUIT COURT
VANDERBURGH COUNTY

CLERK OF THE CIRCUIT COURT
VANDERBURGH COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

There were deficiencies in the internal control system of the Clerk's Trust related to financial transactions and reporting. An effective internal control system had not been established that separated incompatible activities related to cash, cash equivalents, and investments.

Bank reconcilements were performed by the Assistant Supervisor of Bookkeeping and were reviewed by the Assistant Chief Deputy of Bookkeeping; however, there was no evidence presented to show that the internal control existed or was performed.

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. . . ."

CLERK OF THE CIRCUIT COURT
VANDERBURGH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 8, 2020, with Carla Hayden, Clerk of the Circuit Court; Kori Cox, Assistant Supervisor of Booking; Sheila Colacecchi, Assistant Chief Deputy of Bookkeeping; Brian Gerth, County Auditor; Jeff Hatfield, President of the Board of County Commissioners; Cheryl A. W. Musgrave, County Commissioner; and Tom Shetler, Jr., President of the County Council.