

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

PUTNAM COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED
12/03/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Lorie Hallett	01-01-19 to 12-31-20
County Treasurer	Kathy Minnick	01-01-19 to 12-31-20
Clerk of the Circuit Court	Heather Gilbert	01-01-19 to 12-31-22
County Sheriff	Scott Stockton	01-01-19 to 12-31-22
County Recorder	Tracy Bridges	01-01-19 to 12-31-22
President of the Board of County Commissioners	Rick Woodall	01-01-19 to 12-31-20
President of the County Council	Dave Fuhrman	01-01-19 to 12-31-20



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF PUTNAM COUNTY, INDIANA

This report is supplemental to our audit report of Putnam 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

November 24, 2020

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COUNTY AUDITOR
PUTNAM COUNTY

COUNTY AUDITOR
PUTNAM COUNTY
AUDIT RESULT AND COMMENT

CERTIFICATION ON INTERNAL CONTROL STANDARDS

A similar comment also appeared in prior Reports B51088, B51130, and B53776.

Condition and Context

The County certified "yes" to "Adopted Internal Control Standards" when filing the Annual Financial Report within the Indiana Gateway for Government Units financial reporting system. Based on audit evidence, the County had not adopted internal control standards. Certifying "yes" to the question was erroneous.

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
PUTNAM COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 24, 2020, with Lorie Hallett, County Auditor; Rick Woodall, President of the Board of County Commissioners; and Dave Fuhrman, President of the County Council.

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COUNTY TREASURER
PUTNAM COUNTY

COUNTY TREASURER
PUTNAM COUNTY
AUDIT RESULT AND COMMENT

BANK ACCOUNT RECONCILIATIONS

The same comment also appeared in prior Reports B51130 and B53776.

Condition and Context

The County Treasurer reconciled to a fund balance that was \$98,447 greater than the amount reported in the County Auditor's funds. The "Financial vs Funds Ledger Monthly Comparison" report, which compares the fund balances reported by the County Auditor to those reported by the County Treasurer, indicated the County Treasurer's fund balances agreed to those of the County Auditor, when in fact they differed by \$98,447. In addition, the County Treasurer's reconciliation identified \$117,372.85 cash long in the bank. In total, reconciled cash in the bank exceeded the fund balances by \$215,819.

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)

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
PUTNAM COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 9, 2020, with Kathy Minnick, County Treasurer.

The contents of this report were also discussed on November 24, 2020, with Lori Hallett, County Auditor; Rick Woodall, President of the Board of County Commissioners; and Dave Fuhrman, President of the County Council.

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CLERK OF THE CIRCUIT COURT
PUTNAM COUNTY

CLERK OF THE CIRCUIT COURT
PUTNAM COUNTY
AUDIT RESULT AND COMMENT

STALE DATED OUTSTANDING CHECKS (WARRANTS)

Condition and Context

As of December 31, 2019, the Clerk of the Circuit Court's (Clerk) bank reconciliation included 175 stale dated checks (warrants) as old as February 2013. The checks should have been voided by March 1, 2020, removed from the record of outstanding checks list, and receipted back into the fund or funds from which they were originally drawn. The Clerk should have reissued these checks to claimants or submitted the trust amounts to the Attorney General.

Criteria

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void. . . ."

Indiana Code 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

Indiana Code 32-34-3-2 states:

"(a) Except for money related to child support, the attorney general may collect all money that remains in the office of a clerk for at least five (5) years after being distributable without being claimed by the person entitled to the money.

(b) The attorney general may collect all money related to child support that remains in the office of a clerk for at least ten (10) years after being distributable without being claimed by the person entitled to the money.

(c) Clerks shall deliver the money described in subsections (a) and (b) to the attorney general upon demand, and the attorney general shall:

(1) make a record of the money collected; and

(2) turn it over to the treasurer of state.

(d) The treasurer of state shall deposit the money in the abandoned property fund established by [IC 32-34-1-31](#)."

CLERK OF THE CIRCUIT COURT
PUTNAM COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 9, 2020, with Heather Gilbert, Clerk of the Circuit Court, and Debbie Ensor, Senior Deputy Clerk of the Circuit Court.

The contents of this report were also discussed on November 24, 2020, with Lori Hallett, County Auditor; Rick Woodall, President of the Board of County Commissioners; and Dave Fuhrman, President of the County Council.

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BOARD OF COUNTY COMMISSIONERS
PUTNAM COUNTY

BOARD OF COUNTY COMMISSIONERS
PUTNAM COUNTY
AUDIT RESULTS AND COMMENTS

ADOPTION OF INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Reports B51088, B51130, and B53776.

Condition and Context

The County developed internal control policies, but did not pass a proper internal control ordinance by June 30, 2016, as required by Indiana Code.

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:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; . . ."

TRAINING ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Reports B51088, B51130, and B53776.

Condition and Context

The County had not implemented training on internal control standards in 2019. The County Auditor stated that a few of the employees had received the training, but there was no certification to verify that the training was performed. New employees had not received training.

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
PUTNAM COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 24, 2020, with Lorie Hallett, County Auditor; Rick Woodall, President of the Board of County Commissioners; and Dave Fuhrman, President of the County Council.

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COUNTY COUNCIL
PUTNAM COUNTY

COUNTY COUNCIL
PUTNAM COUNTY
AUDIT RESULT AND COMMENT

COUNTY COUNCIL MINUTES MISSING

Condition and Context

The meeting minutes of the County Council were not provided for audit neither for the months of May, June, or December of 2019, nor for the months of July and August of 2020.

Criteria

Indiana Code 5-14-1.5-4 states in part:

". . . (b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken by individual members if there is a roll call.
- (5) Any additional information required under section 3.5 or 3.6 of this chapter or any other statute that authorizes a governing body to conduct a meeting using an electronic means of communication.

(c) The memoranda are to be available within a reasonable period of time after the meeting for the purpose of informing the public of the governing body's proceedings. The minutes, if any, are to be open for public inspection and copying."

COUNTY COUNCIL
PUTNAM COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 24, 2020, with Lorie Hallett, County Auditor; Rick Woodall, President of the Board of County Commissioners; and Dave Fuhrman, President of the County Council.