

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

MONTGOMERY COUNTY, INDIANA

January 1, 2019 to December 31, 2019



**FILED**  
12/17/2020



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Jennifer Andel	01-01-19 to 12-31-20
County Treasurer	Heather Laffoon	01-01-19 to 12-31-20
Clerk of the Circuit Court	Karyn D. Douglas	01-01-19 to 12-31-20
County Sheriff	Ryan Needham	01-01-19 to 12-31-20
County Recorder	Jennifer Bentley	01-01-19 to 12-31-20
President of the Board of County Commissioners	James D. Fulwider	01-01-19 to 12-31-20
President of the County Council	Terry Hockersmith (deceased) Tom Mellish (interim) Tom Mellish	01-01-19 to 08-06-20 08-07-20 to 09-07-20 09-08-20 to 12-31-20



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MONTGOMERY COUNTY, INDIANA

This report is supplemental to our audit report of Montgomery 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

December 2, 2020

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COUNTY AUDITOR  
MONTGOMERY COUNTY

COUNTY AUDITOR  
MONTGOMERY COUNTY  
AUDIT RESULTS AND COMMENTS

**FINANCIAL TRANSACTIONS AND REPORTING**

*Condition and Context*

The County did not have a proper system of internal controls in place over the receipts area of financial transactions and reporting to prevent, or detect and correct, errors.

*Receipts*

The County Auditor did not have a documented effective internal control system in place over receipts to prevent, or detect, errors in a timely manner. The County Auditor reviewed all receipts at the end of each six months. As a result, errors were not timely detected.

*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. . . ."

**CAPITAL ASSETS**

The same comment appeared in the prior Report B56180.

*Condition and Context*

Documentation of a complete capital asset inventory listing detailing individual assets was not provided. Additionally, a formal capital asset policy was not provided.

*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  
MONTGOMERY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 2, 2020, with Jennifer Andel, County Auditor; James D. Fulwider, President of the Board of County Commissioners; Tom Mellish, President of the County Council; and Tom Klein, County Administrator.

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CLERK OF THE CIRCUIT COURT  
MONTGOMERY COUNTY

CLERK OF THE CIRCUIT COURT  
MONTGOMERY COUNTY  
AUDIT RESULT AND COMMENT

**FINANCIAL TRANSACTIONS AND REPORTING**

*Condition and Context*

The County did not have a proper system of internal controls in place over the receipts and disbursements areas of financial transactions and reporting to prevent, or detect and correct, errors.

*Receipts and Disbursements*

Although daily receipt reports and check registers were supposed to be reviewed by someone other than the persons responsible for the receipting and issuing of checks; no documentation was provided to verify this process occurred.

*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:

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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  
MONTGOMERY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 2, 2020, with Jennifer Andel, County Auditor; James D. Fulwider, President of the Board of County Commissioners; Tom Mellish, President of the County Council; and Tom Klein, County Administrator.

The contents of this report were also discussed on December 3, 2020, with Karyn D. Douglas, Clerk of the Circuit Court.