

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

FULTON COUNTY, INDIANA

January 1, 2020 to December 31, 2020



**FILED**

09/03/2021



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
County Auditor:	
Audit Results and Comments:	
Capital Assets .....	6
Internal Controls .....	6-7
Motor Vehicle Highway (MVH) Restricted.....	7
Exit Conference .....	8
County Treasurer:	
Audit Results and Comments:	
Bank Account Reconciliations.....	10
Internal Controls .....	10
Exit Conference .....	11

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Christina Sriver	01-01-20 to 12-31-21
County Treasurer	Katherine L. Easterday	01-01-20 to 12-31-21
Clerk of the Circuit Court	Teresa M. Furnivall	01-01-20 to 12-31-21
President of the Board of County Commissioners	Bryan W. Lewis	01-01-20 to 12-31-21
President of the County Council	Phyl Olinger	01-01-20 to 12-31-21



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF FULTON COUNTY, INDIANA

This report is supplemental to our audit report of Fulton County (County), for the period from January 1, 2020 to December 31, 2020. 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 19, 2021

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COUNTY AUDITOR  
FULTON COUNTY

COUNTY AUDITOR  
FULTON COUNTY  
AUDIT RESULTS AND COMMENTS

**CAPITAL ASSETS**

The same comment appeared in the immediate prior Report B57196.

*Condition and Context*

The County had a capital asset policy detailing the capital asset threshold and includes a physical inventory requirement annually at year end. The County Auditor's office provides each department a list of capital assets and department heads are requested to review and update the list; however, adjustments to the County Auditor's master list were not completed. Additionally, there was no evidence of an actual physical inventory.

*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 Counties of Indiana, Chapter 1)

**INTERNAL CONTROLS**

The same comment appeared in the immediate prior Report B57196.

*Condition and Context*

There was a deficiency in the internal control system of the County related to financial transactions and reporting of payroll disbursements.

The County designed a system of internal controls over payroll disbursements, but the system was not properly implemented. The County Auditor and Board of County Commissioners approved the total payroll as a lump sum without a review at the individual employee level to ensure the hours, rate of pay, and total payroll disbursements were accurate.

*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:

COUNTY AUDITOR  
FULTON COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

"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. . . ."

***MOTOR VEHICLE HIGHWAY (MVH) RESTRICTED***

The same comment appeared in the immediate prior Report B57196.

*Condition and Context*

Starting on January 1, 2019, the County was required to create a Motor Vehicle Highway (MVH) restricted sub-fund that would be used exclusively for the construction, reconstruction, and preservation of the County's highways, and shown separately on the Annual Financial Report (AFR) and Annual Operations Report. The County did create the sub fund 1173, MVH-Restricted, but failed to report it separately on the 2020 AFR.

Audit adjustments were proposed, approved by the County, and made to the financial statement to report the MVH-Restricted fund separately from the MVH fund.

Cold patch materials were purchased for one of ten claims examined. Cold patch materials are used to fill holes in roadways and would be considered maintenance to the roadway.

*Criteria*

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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  
FULTON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 19, 2021, with Christina Sriver, County Auditor; Rick Ranstead, County Commissioner; Phyl Olinger, President of the County Council; Ron Dittman, County Council member; and Steve Fishburn, County Council member.

COUNTY TREASURER  
FULTON COUNTY

COUNTY TREASURER  
FULTON COUNTY  
AUDIT RESULTS AND COMMENTS

**BANK ACCOUNT RECONCILIATIONS**

The same comment appeared in the prior Reports B54013 and B57196.

*Condition and Context*

There were deficiencies in the internal control system of the County Treasurer related to cash and investments. The bank account reconciliation, as presented, was not in agreement with the record balances on December 31, 2020. The record balance exceeded the bank balance by \$138,669.

*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."

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)

**INTERNAL CONTROLS**

The same comment appeared in the immediate prior Report B57196.

*Condition and Context*

The County had not separated incompatible activities related to cash and investments. The failure to establish internal controls could have enabled material misstatements to occur and remain undetected. Depository reconciliations were performed by the County Treasurer without a review or approval process to ensure accuracy. Internal control activities should be selected and developed at various levels to reduce risks of error and/or fraud of the financial statement.

*Criteria*

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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. . . ."

COUNTY TREASURER  
FULTON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 19, 2021, with Katherine L. Easterday, County Treasurer; Rick Ranstead, County Commissioner; Phyl Olinger, President of the County Council; Ron Dittman, County Council member; and Steve Fishburn, County Council member.