

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

GREENE COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED

10/13/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Matthew W. Baker	01-01-20 to 12-31-21
County Treasurer	Nicole L. Stahl	01-01-20 to 12-31-21
Clerk of the Circuit Court	Stuart A. Dowden	01-01-20 to 12-31-21
County Sheriff	Michael L. Hasler	01-01-20 to 12-31-21
County Recorder	Sarah J. Bender	01-01-20 to 12-31-21
President of the Board of County Commissioners	Nathan L. Abrams	01-01-20 to 12-31-21
President of the County Council	Gregg Roudebush	01-01-20 to 12-31-21



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF GREENE COUNTY, INDIANA

This report is supplemental to our audit report of Greene 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/.

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 29, 2021

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COUNTY AUDITOR
GREENE COUNTY

COUNTY AUDITOR
GREENE COUNTY
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

Condition and Context

The same comment appeared in Management Letters addressed to the County Auditor, County Council, and Board of County Commissioners for the audit periods ending December 31, 2018 and 2019.

The financial statement presented for audit included the following funds with overdrawn cash balances at December 31, 2020:

Fund	Amount Overdrawn
Emergency Medical Services	\$ 407,580
Promotion Of Economic Dev & Tourism	1,291,355
Surplus Tax	20,282
Tax Sale Redemption	23,177
Payroll Holding Fund	81,842
Community Event Center	34,983
Project Income - 05/06	17,309

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 County Auditors of Indiana, Chapter 1)

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The County Auditor incorrectly certified in the Indiana Gateway for Government Units financial reporting system, that County personnel had received training regarding internal control standards as adopted by the County. The County was unable to provide documentation that necessary personnel hired during the audit period had completed the training on internal control standards.

COUNTY AUDITOR
GREENE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Context

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity 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](#)."

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

The County Auditor did not have a proper system of internal controls in place to prevent, or detect and correct, errors in the Annual Financial Report entered into the Indiana Gateway for Government Units (Gateway) financial reporting system. The County Auditor entered the financial information into Gateway, without a review or approval process to ensure the information was 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:

"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. . . ."

COUNTY AUDITOR
GREENE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 29, 2021, with Matthew W. Baker, County Auditor; Nicole L. Stahl, County Treasurer; Nathan L. Abrams, President of the Board of County Commissioners; and Marvin Abshire, County Attorney.

COUNTY TREASURER
GREENE COUNTY

COUNTY TREASURER
GREENE COUNTY
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Condition and Context

The same comment appeared in Management Letters addressed to the County Treasurer, County Council, and Board of County Commissioners for the audit periods ending December 31, 2018 and 2019.

The County Treasurer's bank reconciliations presented for audit contained the following errors:

1. The County Auditor and County Treasurer fund balances agreed each month on the Harris Monthly Comparison Report of the fund accounts. However, the County Treasurer did not use this balance to reconcile to the bank account balance. In preparing the monthly bank reconciliations, the County Treasurer used the fund balance total in the County Treasurer's Cash Book. The County Treasurer's Cash Book balance did not agree with the Monthly Comparison Report for any month during the audit period.
2. The unaudited December 31, 2020 bank reconciliation in the County Treasurer's Cash Book was \$1,061,015 greater than the ledger balance.
3. The fund ledger balance recorded on the County Treasurer's Cash Book was \$428,630 less than the County Auditor's fund ledger balance.
4. The December 31, 2020 outstanding check list presented for the main bank account erroneously included \$446,814 in checks that had cleared the bank in December 2020.
5. Monthly reconciliations were prepared for each individual bank account, but a combined reconciliation of all bank accounts to fund balance was not performed.

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)

COUNTY TREASURER
GREENE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

INVESTMENTS

Condition and Context

The County Treasurer held investments of \$5,000,000 on December 31, 2020 that were previously managed by the investment department of First Financial Bank of Terre Haute. The custody of the investments was subsequently transferred to Pacific Life and the County is working with a new investment manager. While Pacific life sells authorized securities to the local government unit the custody of the securities must be made through depositories designated by the State Board of Finance, in which Pacific Life is not.

Criteria

Indiana Code 5-13-9-2.5 states in part:

"(a) An officer designated in section 1 of this chapter may invest or reinvest funds that are held by the officer and available for investment in investments commonly known as money market mutual funds that are in the form of securities of or interests in an open-end, no-load, management-type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940, as amended (15 U.S.C. 80a et seq.) . . .

(b) The investments described in subsection (a) shall be made through depositories designated by the state board of finance as depositories for state deposits under [IC 5-13-9.5](#).

(c) The portfolio of an investment company or investment trust described in subsection (a) must be limited to the following:

- (1) Direct obligations of the United States.
- (2) Obligations issued by any of the following:
 - (A) A federal agency.
 - (B) A federal instrumentality.
 - (C) A federal government sponsored enterprise.
- (3) Repurchase agreements fully collateralized by obligations described in subdivision (1) or (2). . . ."

Investments can only be made in accordance with statutory guidelines. Losses and expenses related to any unauthorized investments and unauthorized investment procedures may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

Treasurer of Greene County
Nicole Stahl



1 Main Street Room 130 ~ Bloomfield, IN 47424 ~ 812-384-4378

OFFICIAL RESPONSE

September 30, 2021

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

Re: Official Response to 2020 Audit Findings

Upon completion of the 2020 Audit Findings, my office received a finding stating our Investments were not in a State of Indiana Approved Depository. However, our facilitators Ameriprise and Pac Life have State of Indiana Approved Depositories.

The main issue is that these investments successfully passed SBOA Audits in 2018 and 2019 with no issue or findings. There are other counties in this area that utilize the same process and they were not cited. This process was reviewed by two legal teams for each facilitators respective firms as well as it is in alignment with our investment policy, and it was all approved.

With each of these issues brought to light and no justifiable explanation to these points, myself and my office feel singled out. Consistently, with each passing audit year, there is no positive reinforcement for a good job or the progress of the office. Not just this office, but every office and their processes.

There were no internal controls here when we started. We took the SBOA manual and went to work to make corrections to every single process in this office and applying dual controls. It is unfortunate that this is how our hard work is unjustifiably reflected.

Sincerely,

Nicole Stahl
Greene County Treasurer

COUNTY TREASURER
GREENE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 29, 2021, with Matthew W. Baker, County Auditor; Nicole L. Stahl, County Treasurer; Nathan L. Abrams, President of the Board of County Commissioners; and Marvin Abshire, County Attorney.

COUNTY SHERIFF
GREENE COUNTY

COUNTY SHERIFF
GREENE COUNTY
AUDIT RESULT AND COMMENT

MONTHLY AND ANNUAL ENGAGEMENT UPLOADS

Condition and Context

As of June 14, 2021, the County Sheriff had not uploaded any of the files required for the monthly and annual engagement uploads into the Indiana Gateway for Government Units financial reporting system for calendar year 2020.

Criteria

In keeping with State Examiner Directive 2018-1, the following details the monthly and annual uploads required by each department:

Monthly, we will be requiring the following to be uploaded: . . .

County Sheriff:

Monthly Bank Reconciliation
Cash Balance Report . . .

Counties will be required to upload their January 2019 files in March 2019. The due date for these files will be March 15th, 2019. Each official will have the responsibility of uploading their own monthly required documents in gateway. . . .

Annually, we will be requiring the following to be uploaded: . . .

County Sheriff:

Year End Bank Statement . . .

(The County Bulletin and Uniform Compliance Guidelines, December 2018)

COUNTY SHERIFF
GREENE COUNTY
AUDIT RESULT AND COMMENT
(Continued)

State Examiner Directive 2018-1 was amended on November 9, 2020, as follows:

"This amended directive is effective starting with December 2020 monthly files. The upload of December 2020 monthly files will be due February 15, 2021, and by the 15th of each month thereafter unless the State Board of Accounts (SBOA) establishes a different date. This is effective for 2020 annual files which will be due for upload March 1, 2021, for calendar year end units. . . .

The following files and governmental unit information are required to be uploaded monthly by all units except as noted:

- Bank Reconcilements, Bank Statements, and Outstanding Check Lists
- Approved Board Minutes, please see the user guide for more information and examples
- Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund . . .

For County Clerks, Records, and Sheriffs:

- Cash Balance Reports,
- Bank Reconcilements, Bank Statements, and Outstanding Check Lists

The following files and governmental unit information are required to be uploaded annually (for Counties, these apply to County Auditors unless otherwise noted): . . .

- Additionally, for County Sheriff only: Inmate Trust Fund Subsidiary Detail as of December 31
- Optional: Excel Data Capture/Data Dump (in lieu of Detail of Receipts and Disbursements)"

Units are required to comply with all grant requirements, 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)

COUNTY SHERIFF
GREENE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 29, 2021, with Matthew W. Baker, County Auditor; Nicole L. Stahl, County Treasurer; Michael L. Hasler, County Sheriff; Nathan L. Abrams, President of the Board of County Commissioners; and Marvin Abshire, County Attorney.

CLERK OF THE CIRCUIT COURT
GREENE COUNTY

CLERK OF THE CIRCUIT COURT
GREENE COUNTY
AUDIT RESULT AND COMMENT

CONDITION OF RECORDS

Condition and Context

The same comment also appeared in prior audit reports B44610, B47757, B48155, B51413, B51415, B53189, and B55143.

Financial records presented for audit for the Clerk of the Circuit Court's funds were incomplete and not reflective of the activity of the Clerk of the Circuit Court's funds. The records presented included a printout from an old MHI software system with a detail of accounts payable that did not agree to the amount being used as the cash fund balance. This is an old software system that cannot be converted to the new Odyssey system and contains many posting errors made over a long period of time. The last activity in this account was in 2018. As of December 31, 2020, the detail to the internal control ledger was \$59,356 short.

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 Clerks of the Circuit Courts of Indiana, Chapter 1)

CLERK OF THE CIRCUIT COURT
GREENE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 29, 2021, with Matthew W. Baker, County Auditor; Nicole L. Stahl, County Treasurer; Stuart A. Dowden, Clerk of the Circuit Court; Michael L. Hasler, County Sheriff; Nathan L. Abrams, President of the Board of County Commissioners; and Marvin Abshire, County Attorney.

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BOARD OF COUNTY COMMISSIONERS
GREENE COUNTY

BOARD OF COUNTY COMMISSIONERS
GREENE COUNTY
AUDIT RESULT AND COMMENT

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

The Board of County Commissioners did not ensure that all applicable personnel had received training concerning the internal control standards and procedures adopted by the County. Documentation was not presented for audit that new employees had received training on internal control standards.

Criteria

Indiana Code 5-11-1-27(g) states:

"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; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

BOARD OF COUNTY COMMISSIONERS
GREENE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 29, 2021, with Matthew W. Baker, County Auditor; Nicole L. Stahl, County Treasurer; Nathan L. Abrams, President of the Board of County Commissioners; and Marvin Abshire, County Attorney.