

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

PULASKI COUNTY, INDIANA

January 1, 2020 to December 31, 2020



**FILED**

10/28/2021



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Laura M. Wheeler	01-01-20 to 12-31-21
County Treasurer	Teresa L. Bryant	01-01-20 to 12-31-21
Clerk of the Circuit Court	JoLynn Behny	01-01-20 to 12-31-21
County Sheriff	Jeffery K. Richwine	01-01-20 to 12-31-21
County Recorder	Susan J. Fox	01-01-20 to 12-31-21
President of the Board of County Commissioners	Kenneth R. Becker Charles R. Mellon	01-01-20 to 12-31-20 01-01-21 to 12-31-21
President of the County Council	Kenneth Boswell	01-01-20 to 12-31-21



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF PULASKI COUNTY, INDIANA

This report is supplemental to our audit report of Pulaski 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

October 14, 2021

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COUNTY AUDITOR  
PULASKI COUNTY

COUNTY AUDITOR  
PULASKI COUNTY  
AUDIT RESULTS AND COMMENTS

**MOTOR VEHICLE HIGHWAY (MVH) RESTRICTED**

*Condition and Context*

Beginning 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 be reported separately on the Annual Financial Report and Annual Operational Report.

The County created the sub-fund 1173, MVH-Restricted fund on their financial records, but failed to report it separately on their 2020 Annual Financial Report and the financial statement.

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

*Criteria*

The MVH and MVH Restricted will be shown separately on the Annual Financial Report and Annual Operational Report. (State Examiner Directive 2018-2)

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 Guidelines Manual for County Auditors of Indiana, Chapter 1)

**CAPITAL ASSETS**

*Condition and Context*

The County did not take a complete physical inventory of all capital assets at least once every two years.

Capital asset records were not properly maintained. During our testing, we identified a vehicle that was removed from the capital asset records that should not have been removed. The County removed the wrong vehicle in error.

*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 detailed 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  
PULASKI COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

**ERRORS ON CLAIMS**

A similar comment appeared in prior Report B53620.

*Condition and Context*

The County did not have an Accounts Payable Voucher (APV), a prescribed form, for payroll clearing and payroll withholding disbursements. Due to the lack of an APV, payroll disbursements were not certified by the fiscal officer, and the Board of County Commissioners could not verify that the APVs agreed to supporting documentation. Two of the twelve vendor disbursements tested for the period did not have certification from the fiscal officer and/or approval from the County Commissioners.

*Criteria*

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

To properly account for the remittance of payroll deductions, it is recommended that each electronic transfer be supported by an Accounts Payable Form No. 17; . . .

If the remittance is for tax or other funds payable to an agency of the State of Indiana or the Federal Government, such as Federal Withholding Tax, Social Security (FICA Tax), State Withholding Tax, County Adjusted Gross Income Tax or employees' contributions to Public Employees' Retirement Fund, the claim or voucher need not be signed by the agency to which the payment is made nor allowed by the board of county commissioners prior to payment. The same is true with respect to assignments of wages for other purposes . . . if fully paid by employees. . . . However, if county funds are to be disbursed in support of an employee's benefit program, such as group insurance, the claim or voucher should be submitted to the board of county commissioners for allowance. A claim or voucher should also be submitted to the board for the county's portion of contributions payable to Public Employees' Retirement Fund. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 8)

COUNTY AUDITOR  
PULASKI COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

**ACCOUNTING FOR THE IFA ADMINISTERED CORONAVIRUS RELIEF FUND MONEY**

*Condition and Context*

The County did not properly account for the Coronavirus Relief Fund (CRF) in accordance with the options outlined in State Examiner Directive 2020-3 (Directive).

The County did not properly establish a separate CARES grant fund that followed the uniform chart of accounts. Instead, the County utilized a fund number that was specified for another CARES purpose.

The County received the Indiana Finance Authority (IFA) reimbursement of \$245,531 into the CARES fund. The County then posted a negative receipt to the CARES grant fund and a receipt to the General fund. The expenditures upon which the reimbursement was based should have been recorded in the CARES fund or the reimbursed amount transferred through the claims process to the General fund. Either of these two methods would have allowed for proper processing and recording as outlined in the Directive. Even though the guidance in the Directive was not followed, the amount reported on the County's Schedule of Expenditures of Federal Awards (SEFA) for the year was correct.

*Criteria*

Each local unit of government that receives an allocation from the Coronavirus Relief Fund administered by IFA shall establish a separate CARES grant fund with a fund number consistent with memorandum *Accounting and Appropriation of COVID-19 Grants*, April 29, 2020 (updated September 29, 2020). . . .

Transactions for public health and safety payroll costs must be accounted for through one of these two prescribed options.

**Option One.** Reimbursements received from IFA shall be receipted into the separate CARES grant fund. The reimbursed amount for public health and safety payroll costs originally incurred in the general fund (or other fund) will be moved to the separate CARES grant fund through a reversing entry. This action will reinstate the general fund (or other fund) cash balance and re-appropriate the general fund (or other fund) in a similar manner to IC 6-1.1-18-9(1) for those disbursements. This reversal must be done in the same budget year that the original transaction was posted.

Once the disbursement is reversed within the general fund (or other fund), it must be posted as a disbursement in the separate CARES grant fund. Documentation must be maintained so the audit trail can be followed. The accounting system must tie the original claim for the disbursement to the separate CARES grant fund by specific reference or notation in a comment section.

Once option one is completed, the cash balance of the separate CARES grant fund will be zero. **No money shall remain in the separate CARES grant fund.** . . .

**Option Two.** Reimbursements received from IFA shall be receipted into the separate CARES grant fund. A claim will be created against the separate CARES grant fund for the reimbursed amount in favor of the general fund. This claim must be supported by documentation of the public health and safety payroll costs that have been expensed from the general fund or other funds.

COUNTY AUDITOR  
PULASKI COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

The amount of the claim will be receipted into the general fund cash balance. Normal appropriation procedures will apply to these funds.

Once option two is completed, the cash balance of the separate CARES grant fund will be zero. **No money shall remain in the separate CARES grant fund. This option requires a resolution or ordinance as detailed in the memorandum CARES Reimbursement of Public Health and Safety Payroll Costs, September 30, 2020.** (State Examiner Directive 2020-3)

Accounting and Appropriation of COVID-19 Grants, April 29, 2020 (updated September 29,2020) states in part:

". . . counties and cities/towns received a specific fund number assigned for CARES Act Provider Relief (CARES) distribution specifically related to Medicare fee-for-service. This guidance, including fund number and name, should still be followed. . . .

In anticipation of several separate funds being necessary, the following fund numbering system should be followed:

Counties: 8901-8925. . . ."

# AUDITOR PULASKI COUNTY

**LAURA M WHEELER**

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To Whom It May Concern:

In response to the findings of the 2020 State Board of Accounts Audit:

## **Motor Vehicle Highway/Motor Vehicle Highway Restricted**

MVH (1176) and MVH restricted (1173) were split into two separate funds in 2019. For whatever reason, when this happened, I was with the understanding that 1173 was a sub-fund of 1176 and should be reported as one fund. This will now be reported as two different funds.

## **Capital Assets**

Asset lists are given to each department for review and updates annually, but no one has signed off that a physical assessment was done. Going forward, all departments will need to submit their list each year with a signature stating that a physical inventory was taken.

## **Claims Error**

Payroll and Settlement Claims found not to have claim vouchers or commissioner approval. The Auditor's office has revised the claims process to have all payments accompanied by a claim voucher and a claims report approved by the commissioners.

## **CARES money receipt**

Cares money was correctly received into a separate fund but was subsequently transferred to County General since it was approved for public safety wages which had been paid from County General. The transfer was done incorrectly because a check should have been written and then received into County General. Since the 2020 books are closed a correction cannot be made. Future funding will be treated properly.

*Laura Wheeler*  
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COUNTY AUDITOR  
PULASKI COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 14, 2021, with Laura M. Wheeler, County Auditor; Charles R. Mellon, President of the Board of County Commissioners; and Kathleen Thompson, County Council member.