

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

DEKALB COUNTY, INDIANA

January 1, 2020 to December 31, 2020



**FILED**

11/05/2021



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Jan Bauman	01-01-20 to 12-31-21
County Treasurer	Sandra Wilcox	01-01-20 to 12-31-21
Clerk of the Circuit Court	Holly Albright	01-01-20 to 12-31-21
County Sheriff	David G. Cserep	01-01-20 to 12-31-21
County Recorder	Katie Firestone Leta Hullinger	01-01-20 to 12-31-20 01-01-21 to 12-31-21
President of the Board of County Commissioners	William L. Hartman	01-01-20 to 12-31-21
President of the County Council	Richard Ring	01-01-20 to 12-31-21
County Home Director	Don Pierson	01-01-20 to 12-31-21



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF DEKALB COUNTY, INDIANA

This report is supplemental to our audit report of DeKalb 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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

October 26, 2021

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COUNTY HOME  
DEKALB COUNTY

COUNTY HOME  
DEKALB COUNTY  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

A similar comment also appeared in prior Reports B53640 and B55917, entitled *INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING*.

*Condition and Context*

The County Home did not have a proper system of internal controls in place over financial transactions and reporting to prevent, or detect and correct, errors. One individual was responsible for maintaining the Resident Trust financial transactions, making deposits, and writing checks with minimal oversight.

The County Home Director (Director) had not separated incompatible activities related to financial transactions of the County Home. The Director manually recorded the County Home's Resident Trust financial activity in a notebook, deposited all revenues to and wrote all checks from the Resident Trust Bank Account. The Director's financial information was forwarded monthly to the deputy director of the County Auditor's office who then posted the financial transactions to an excel version of the County Home Residents' Trust (control ledger) and the Individual Resident Account Balances (subsidiary ledger). Financial activity was then reconciled to the bank statement.

Due to the lack of internal controls, the following issues were identified during the audit period:

- The financial activity of the County Home Residents' Trust (control ledger) did not agree with the financial statement.
- The ending cash balance for the Resident's Trust Fund reported on the financial statement did not agree with the cash reconciliation.
- The Individual Resident Account Balances (subsidiary ledgers) did not agree to the control ledger.

The lack of internal controls and noncompliance were systemic issues throughout the audit period.

*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 HOME  
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AUDIT RESULT AND COMMENT  
(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. . . ."

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

The accounting application should provide extensive data editing, validation, and change capability upon input and before a transaction is posted to an account, but no ability to change data after it is posted. If an error is discovered after the transaction is posted, a separate correcting transaction must be made in the accounting period that it is discovered. Under no circumstances must an error be corrected in a year that has been closed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Political Subdivisions - Information Technology)

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 Counties of Indiana, Chapter 1)

COUNTY HOME  
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EXIT CONFERENCE

The contents of this report were discussed on October 20, 2021, with Don Pierson, County Home Director.

The contents of this report were discussed on October 26, 2021, with William L. Hartman, President of the Board of County Commissioners; Richard Ring, President of the County Council; Susan Sleeper, Deputy County Auditor; and Jan Bauman, County Auditor.