

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

PERRY COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED
11/10/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Pamela L. Goffinet	01-01-20 to 12-31-21
County Treasurer	Paul W. Alvey Amanda F. Lasher	01-01-20 to 01-31-20 02-01-20 to 12-31-21
Clerk of the Circuit Court	Amanda Mogan Rachel K. Roark	01-01-20 to 03-31-20 04-01-20 to 12-31-21
County Sheriff	Alan D. Malone	01-01-20 to 12-31-21
County Recorder	Jane James	01-01-20 to 12-31-21
President of the Board of County Commissioners	Thomas J. Hauser	01-01-20 to 12-31-21
President of the County Council	David A. Etienne Luke Thomas	01-01-20 to 12-31-20 01-01-21 to 12-31-21



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF PERRY COUNTY, INDIANA

This report is supplemental to our audit report of Perry 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

November 1, 2021

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COUNTY AUDITOR
PERRY COUNTY

COUNTY AUDITOR
PERRY COUNTY
AUDIT RESULTS AND COMMENTS

COMPENSATION AND BENEFITS

Condition and Context

Rates of pay for 50 employees were not included in the adopted 2020 Salary Ordinance. This included 28 positions that were paid from 14 individual funds. These positions were being paid out of grant funds.

Criteria

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

ACCOUNTING AND APPROPRIATION OF COVID-19 GRANTS

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 for the CRF grant that followed the uniform chart of accounts. The County established fund 8901 - CARES Provider Relief Fund, due to fund 8900 already being used when the *CARES Act Fund Numbers* memo dated April 20, 2020, was issued with the guidance to utilize fund 8900 for distributions related to Medicare fee-for-service. The County then improperly used this fund, 8901 - CARES Provider Relief Fund, for the distributions from the Indiana Finance Authority (IFA) rather than creating a new fund specifically to be used for the CRF funds administered by IFA.

Some payroll related disbursements and some non-payroll disbursements were recorded directly to the CARES fund and spent without appropriation.

The County receipted payroll related reimbursements into the CARES fund. For some of the payroll related disbursements, subsequent transfers were made from the CARES fund to the originating funds rather than processing reversing entries as outlined in Option One of the Directive. By not creating reversing entries, disbursements were reflected in the incorrect funds and did not re-establish appropriations.

Reimbursements from IFA for some non-payroll disbursements were receipted directly into the various funds from which the original disbursements were made instead of receipting the money into the CARES fund and processing reversing entries for the non-payroll disbursements that were reimbursed as outlined in Framework One of the Directive.

Reimbursements received from IFA in December for payroll, offset the non-payroll disbursements, noted above, thus the CARES fund had a zero balance at year end.

COUNTY AUDITOR
PERRY COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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)*.

All Reimbursements received from IFA shall be receipted into a separate CARES grant fund that is specific to IFA reimbursements. . . .

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.

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*. . . .**

Transactions for other permitted costs reimbursed by IFA must be accounted for through one of the following prescribed frameworks. . . .

Framework One. Reimbursements received from IFA shall be receipted into the separate CARES grant fund. Reimbursed disbursements originally incurred in another fund will be moved to the separate CARES grant fund through a reversing entry. This action will reinstate the fund cash balance and re-appropriate the 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 original 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. . . . (State Examiner Directive 2020-3)

COUNTY AUDITOR
PERRY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 1, 2021, with Pamela L. Goffinet, County Auditor; Thomas J. Hauser, President of the Board of County Commissioners; Charles A. Baumeister, County Council member; and David A. Etienne, County Council member.

COUNTY TREASURER
PERRY COUNTY

COUNTY TREASURER
PERRY COUNTY
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Condition and Context

Effective internal controls over the preparation of depository reconciliations of the fund balances to the bank account balances, and the reconciliations of the County Treasurer's Cash Book balances to the County Auditor's fund balances are not in place to timely identify and correct errors. Without a proper system of internal controls in place that operated effectively, material misstatements could have occurred and remained undetected.

Depository reconciliations of the fund balances to the bank account balances, prescribed County Form 47TR "Monthly Financial Report," and reconciliations of the County Treasurer's Cash Book balances to the County Auditor's fund balances were not completed timely. All 12-monthly reconciliations during the audit period were not completed timely. Monthly reconciliations were completed between 49 to 285 days late.

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. . . ."

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."

Indiana Code 36-2-10-16(a) states:

"Before the sixteenth day of each month, the treasurer shall prepare a report showing, as of the close of business on the last day of the preceding month, the following items:

- (1) The total amount of taxes collected and not included in the last semiannual settlement of taxes, and the amount of taxes omitted from any preceding semiannual settlements, except for taxes advanced to the state or a municipal corporation in the county and for which an advance settlement has been made.

COUNTY TREASURER
PERRY COUNTY
AUDIT RESULTS AND COMMENTS

- (2) The total amount of distributions under [IC 6-5.5](#) that are not included in the last semi-annual settlement of taxes, and the amount of those taxes omitted from any preceding semiannual settlements.
- (3) The totals of money received from all other sources and not receipted into the ledger fund accounts of the county at the end of the month.
- (4) The total of the balances in all ledger fund accounts.
- (5) The total amount of cash in each depository at the close of business on the last day of the month.
- (6) The total of county warrants issued against each depository that are outstanding and unpaid at the end of the month.
- (7) The record balance of money in each depository at the end of the month.
- (8) The cash in the office at the close of the last day of the month.
- (9) Other items for which the treasurer is entitled to credit.

The treasurer shall prepare the report in quadruplicate and verify each copy. The treasurer shall retain one (1) copy as a public record and file three (3) copies with the county auditor. The state board of accounts shall prescribe forms for the report in the detail it considers necessary under this section and [IC 5-13-6-1](#)."

The Monthly Financial Statement, Form 61, is a permanent record prepared from the treasurer's funds ledger at the close of each month. It is prepared after all postings to the ledger have been completed for the month and reflects the total receipts and disbursements and the balance for each fund for the month and for the year to date. The statement must agree with a similar statement kept by the county auditor, giving consideration to any adjustments required to reconcile the ledgers of the two offices. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 5)

MONTHLY AND ANNUAL GATEWAY UPLOADS

Condition and Context

As of November 1, 2021, the County Treasurer 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 Treasurer:

- Monthly Bank Reconciliation (Monthly Report)
- Cash Balance Report (Cash Book) . . .

COUNTY TREASURER
PERRY COUNTY
AUDIT RESULTS AND COMMENTS

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 Treasurer:

- Year End Bank Statement
- Year End Outstanding Check List
- Year End Investments Statement

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

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 Treasurers:

- Cash Balance Reports,
- Bank Reconcilements, Bank Statements, and Outstanding Check List
- Documentation of Reconciliation of Form 61 between Auditor and Treasurer

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

- Year-end Investment Statements (for Counties - County Treasurer)"

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)

COUNTY TREASURER
PERRY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 1, 2021, with Amanda F. Lasher, County Treasurer; Dawn H. Baumeister, Chief Deputy County Treasurer; Thomas J. Hauser, President of the Board of County Commissioners; Charles A. Baumeister, County Council member; and David A. Etienne, County Council member.

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COUNTY SHERIFF
PERRY COUNTY

COUNTY SHERIFF
PERRY COUNTY
AUDIT RESULT AND COMMENT

MONTHLY AND ANNUAL GATEWAY UPLOADS

Condition and Context

As of November 1, 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)

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. . . .

COUNTY SHERIFF
PERRY COUNTY
AUDIT RESULT AND COMMENT
(Continued)

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, Recorders, 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 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)

COUNTY SHERIFF
PERRY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 1, 2021, with Alan D. Malone, County Sheriff; Jayne Glenn, Jail Matron; Eric Dickenson, Chief Deputy County Sheriff; Thomas J. Hauser, President of the Board of County Commissioners; Charles A. Baumeister, County Council member; and David A. Etienne, County Council member.