

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

ORANGE COUNTY, INDIANA

January 1, 2019 to December 31, 2019



**FILED**  
11/22/2021



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Lonnie Stroud	01-01-19 to 12-31-21
County Treasurer	Billie Deel	01-01-19 to 12-31-21
Clerk of the Circuit Court	Beth Jones Elizabeth Jones	01-01-19 to 12-31-20 01-01-21 to 12-31-21
County Sheriff	Joshua Babcock	01-01-19 to 12-31-21
County Recorder	Sandy Hill	01-01-19 to 12-31-21
President of the Board of County Commissioners	Richard W. Dixon	01-01-19 to 12-31-21
President of the County Council	Matt Henderson Chad Hager	01-01-19 to 12-31-20 01-01-21 to 12-31-21



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF ORANGE COUNTY, INDIANA

This report is supplemental to our audit report of Orange County (County), for the period from January 1, 2019 to December 31, 2019. 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

November 12, 2021

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COUNTY AUDITOR  
ORANGE COUNTY

COUNTY AUDITOR  
ORANGE COUNTY  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS OVER FINANCIAL CLOSE AND REPORTING**

*Condition and Context*

There were deficiencies in the internal control system of the County related to financial close and reporting and the input of financial information entered in the Indiana Gateway for Government Units (Gateway) financial reporting system, which is the source for the Annual Financial Report and the financial statement. Financial information was prepared and submitted into Gateway without an effective oversight, review, approval, or other compensating internal control to ensure the accuracy of the information prior to submission.

*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  
ORANGE COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

**USE OF MVH RESTRICTED FUNDS**

*Condition and Context*

Of the ten disbursements examined, that were expended from the MVH Restricted fund, one disbursement was paid for the County Highway Department portion of the County's GIS system. This expenditure was not for the construction, reconstruction, and preservation of the County's highways.

*Criteria*

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."

**CAPITAL ASSETS**

*Condition and Context*

Capital asset figures were uploaded to Gateway and included as a supplemental schedule in the approved preliminary financial statement. However, there was no detailed capital assets listing to support those figures and no evidence that an inventory had been taken in the last two years.

*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 County Auditors of Indiana, Chapter 1)

COUNTY AUDITOR  
ORANGE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 12, 2021, with Lonnie Stroud, County Auditor; Richard W. Dixon, President of the Board of County Commissioners; and Chad Hager, President of the County Council.