

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

PIKE COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED

11/23/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Judith Gumbel	01-01-19 to 12-31-21
County Treasurer	Marta Query Susan Brittain	01-01-19 to 12-31-20 01-01-21 to 12-31-21
Clerk of the Circuit Court	Lana Griffith	01-01-19 to 12-31-21
County Sheriff	Kent Johnson	01-01-19 to 12-31-21
County Recorder	Jeff Harting	01-01-19 to 12-31-21
President of the Board of County Commissioners	Mark Flint	01-01-19 to 12-31-21
President of the County Council	Greg K. Willis Jon W. Craig	01-01-19 to 12-31-19 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 PIKE COUNTY, INDIANA

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

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 9, 2021

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COUNTY AUDITOR
PIKE COUNTY

COUNTY AUDITOR
PIKE COUNTY
AUDIT RESULTS AND COMMENTS

CAPITAL ASSETS

Condition and Context

The County's capital asset records were incomplete; they did not include a detailed listing for infrastructure. In addition, a complete physical inventory of capital assets was not completed for infrastructure.

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 Counties of Indiana, Chapter 1)

RESTRICTED MOTOR VEHICLE HIGHWAY FUND DISBURSEMENTS

Condition and Context

The County created a Motor Vehicle Highway (MVH) Restricted sub-fund within the Motor Vehicle Highway fund and posted 50 percent of the state motor vehicle highway distributions to the sub-fund as required. The Restricted MVH sub-fund is to be used exclusively for the construction, reconstruction, and preservation of the County's highways.

Of the 25 Restricted MVH fund disbursements selected for compliance testing, 23 were for activities not specifically related to construction, reconstruction, or preservation of the County's highways. The disbursements were for equipment repair and maintenance, vehicle purchase, vehicle insurance, bulk road materials purchased for non-specified future projects, and personnel services for maintenance and mowing.

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."

COUNTY AUDITOR
PIKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 9, 2021, with Judith Gumbel, County Auditor; Mark Flint, President of the Board of County Commissioners; Greg K. Willis, County Council member; Dennis Bishop, County Council member; and Todd Meadors, County Council member.

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BOARD OF COUNTY COMMISSIONERS
PIKE COUNTY

BOARD OF COUNTY COMMISSIONERS
PIKE COUNTY
AUDIT RESULT AND COMMENT

CONTRACTS

Condition and Context

Payment was made for road resurfacing materials without a written contract. The Board of County Commissioners advertised for bids which were opened in a public meeting, and the bid was awarded to the lowest bidder; however, a written contract was never entered into by the County.

Criteria

Indiana Code 5-22-7-8 states "A contract must be awarded with reasonable promptness by written notice to the lowest responsible and responsive bidder."

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

BOARD OF COUNTY COMMISSIONERS
PIKE COUNTY
EXIT CONFERENCE

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COUNTY HIGHWAY DEPARTMENT
PIKE COUNTY

COUNTY HIGHWAY DEPARTMENT
PIKE COUNTY
AUDIT RESULT AND COMMENT

RESTRICTED MOTOR VEHICLE HIGHWAY FUND DISBURSEMENTS

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PIKE COUNTY COMMISSIONERS

801 EAST MAIN STREET + PETERSBURG, INDIANA 47567

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OFFICIAL RESPONSE

Date: 11/22/2021

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

Re: State Board of Account Exit Comments from the Highway Department

The MVH Restricted/Unrestricted guidance document is unclear and can be interpreted many ways, depending on who is reading it.

Tracking for the restricted/unrestricted fund is putting a major strain on office personnel.

Equipment repair and fuel usage is impossible to tie to a specific road project. These pieces of equipment are moving around the county all day everyday providing construction, reconstruction, or preservation services.

We purchase our rock in bulk and know that it is going to be used to construct, reconstruct, or preserve a county road or right of way, but we do not know exactly what road it is going to until we load it onto our trucks. This could be days, weeks or even months later. Often, we pay our invoices before the product is used and we pay it from 1173 or 1176 according to the product because we know what it is going to be used for. Having to create a separate spreadsheet to tie the material to certain roads after the fact adds strain on the office staff and their time management.

It is my opinion that a specific project should be more general such as "crack sealing, pavement preservation", "crack sealing, bridge preservation" "vegetation control, right of way preservation" and so on per category rather than having to tie each item to a specific road.

Mark Flint
President, Pike County Board of Commissioners

COUNTY HIGHWAY DEPARTMENT
PIKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 9, 2021, with Judith Gumbel, County Auditor; Mark Flint, President of the Board of County Commissioners; Greg K. Willis, County Council member; Dennis Bishop, County Council member; Todd Meadors, County Council member; Joshua J. Byrd, Highway Superintendent; and Melanie Britton, Highway Department Office Manager.

COUNTY TREASURER
PIKE COUNTY

COUNTY TREASURER
PIKE COUNTY
AUDIT RESULT AND COMMENT

BANK RECONCILIATIONS

Condition and Context

There were deficiencies in the internal control system of the County Treasurer's office related to bank reconciliations. The County Treasurer's office had not separated incompatible activities related to cash and investments. One employee was responsible for ensuring that the County's bank statements were reconciled without oversight, review, or approval.

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 TREASURER
PIKE COUNTY
EXIT CONFERENCE

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