

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

RANDOLPH COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED
03/11/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Laura Martin	01-01-20 to 12-31-22
County Treasurer	Debbie Preston	01-01-20 to 12-31-22
Clerk of the Circuit Court	Melinda Peed	01-01-20 to 12-31-22
County Sheriff	Art Moystner, Jr.	01-01-20 to 12-31-22
County Recorder	Jane Grove	01-01-20 to 12-31-22
President of the Board of County Commissioners	Michael Wickersham	01-01-20 to 12-31-22
President of the County Council	Gary Friend, Sr.	01-01-20 to 12-31-22



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF RANDOLPH COUNTY, INDIANA

This report is supplemental to our audit report of Randolph 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.

Beth Kelley, CPA, CFE
Deputy State Examiner

February 25, 2022

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COUNTY AUDITOR
RANDOLPH COUNTY

COUNTY AUDITOR
RANDOLPH COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER CERTAIN DISBURSEMENTS

Condition and Context

There were deficiencies in the internal control system of the County related to financial transactions.

Payments related to the employee share of benefit expenses were processed outside the County's normal claim procedures by the Payroll Clerk. Adequate supporting documentation for the payments was observed, but the Payroll Clerk did not prepare an Accounts Payable Voucher. As a result, the payments were not reviewed and approved by the County Auditor (fiscal officer) and were not included on the claim dockets for review and approval by the Board of County Commissioners (legislative body).

Additionally, tax settlement claims were prepared and disbursed without required evidence of fiscal officer 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.

COUNTY AUDITOR
RANDOLPH COUNTY
AUDIT RESULT AND COMMENT
(Continued)

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 5-11-10-1.6 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. . . ."

COUNTY AUDITOR
RANDOLPH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 25, 2022, with Laura Martin, County Auditor; Gary Friend, Sr., President of the County Council; Tom Chalfant, Vice President of the Board of County Commissioners; R. Max Holaday, County Council member; Melissa Williams, County Council member; and Angela Lowe, Chief Deputy County Auditor.

COUNTY SHERIFF
RANDOLPH COUNTY

COUNTY SHERIFF
RANDOLPH COUNTY
AUDIT RESULT AND COMMENT

CONDITION OF RECORDS

Repeat Comment

The same comment appeared in the prior Report B55646.

Condition and Context

The financial statement receipts, disbursements, or cash balances for the Inmate Trust fund could not be audited for the audit period. The County Sheriff's department was unable to provide the necessary reports as of December 31, 2020, to audit the financial statement amounts.

The bank reconciliation report provided by the County Sheriff's department shows a register balance of \$117,342 and outstanding deposits dated 2019 in the amount of \$113,608 which could not be verified. These outstanding deposits were explained to be errors in the records due to the conversion to the automated software system; however, supporting documentation to verify these amounts was not provided.

Officials were able to provide a report detailing total inmate cash balances of \$2,078, but were unable to provide documentation to support the cash balance of \$4,219 reported in the financial statement.

Criteria

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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 SHERIFF
RANDOLPH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 22, 2022, with Art Moystner, Jr., County Sheriff.

The contents of this report were discussed on February 25, 2022, with Laura Martin, County Auditor; Gary Friend, Sr., President of the County Council; Tom Chalfant, Vice President of the Board of County Commissioners; R. Max Holaday, County Council member; Melissa Williams, County Council member; and Angela Lowe, Chief Deputy County Auditor.