

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

SWITZERLAND COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED

03/14/2022

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
County Auditor:	
Audit Result and Comment:	
Internal Controls over Financial Close and Reporting	6
Exit Conference	7
County Treasurer:	
Audit Result and Comment:	
Internal Controls over Cash and Investments.....	10
Exit Conference	11
Board of County Commissioners:	
Audit Result and Comment:	
Adoption of, and Training on, Internal Control Standards.....	14
Exit Conference	15

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Carolyn J. Green Yvette Emmich	01-01-20 to 10-31-21 11-01-21 to 12-31-22
County Treasurer	Vickie James Gayle Rayles	01-01-20 to 12-31-20 01-01-21 to 12-31-22
Clerk of the Circuit Court	Gayle Sullivan	01-01-20 to 12-31-22
County Sheriff	Brian Morton	01-01-20 to 12-31-22
County Recorder	Nancy Barker Dawn Naylor	01-01-20 to 12-31-20 01-01-21 to 12-31-22
President of the Board of County Commissioners	Jamie Peters Jerry Monjar Grant Dean	01-01-20 to 12-31-20 01-01-21 to 12-31-21 01-01-22 to 12-31-22
President of the County Council	Rachel Schuler Lisa Fisher Steven Jones-Ellard	01-01-20 to 12-31-20 01-01-21 to 12-31-21 01-01-22 to 12-31-22



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 SWITZERLAND COUNTY, INDIANA

This report is supplemental to our audit report of Switzerland 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 23, 2022

(This page intentionally left blank.)

COUNTY AUDITOR
SWITZERLAND COUNTY

COUNTY AUDITOR
SWITZERLAND COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL CLOSE AND REPORTING

A similar comment also appeared in prior Report B53708, entitled *INTERNAL CONTROLS*.

Condition and Context

There was a deficiency in the internal control system of the County related to financial transactions and reporting. The County Auditor uploaded the County's financial information into the Indiana Gateway for Government Units financial reporting system, which was the source of the Annual Financial Report (AFR) and financial statement. There was no evidence that there was an oversight, review, or approval process in place over financial close and reporting to ensure accuracy.

The AFR that was submitted by the County Auditor contained material errors as follows: the beginning cash and investments balance was understated by \$837,180, receipts were understated by \$1,293,314, disbursements were understated by \$670,798, and ending cash and investments balance was understated by \$1,459,696.

Audit adjustments were proposed, accepted by the County, and made to the financial statement.

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 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

COUNTY AUDITOR
SWITZERLAND COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 23, 2022, with Yvette Emmich, County Auditor; Grant Dean, President of the Board of County Commissioners; and Steven Jones-Ellard, President of the County Council.

(This page intentionally left blank.)

COUNTY TREASURER
SWITZERLAND COUNTY

COUNTY TREASURER
SWITZERLAND COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER CASH AND INVESTMENTS

A similar comment also appeared in prior Report B53708, entitled *INTERNAL CONTROLS*.

Condition and Context

The County Treasurer's office did not have a documented system of internal control in place over cash and investments. The County Treasurer and Deputy County Treasurer both completed an independent monthly bank reconciliation for all bank accounts of the County; however, there was no documented review of the other party's work to ensure the reconciliations were performed and were accurate.

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
SWITZERLAND COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 23, 2022, with Yvette Emmich, County Auditor; Grant Dean, President of the Board of County Commissioners; Steven Jones-Ellard, President of the County Council; and Stacey Penick, Deputy County Treasurer.

(This page intentionally left blank.)

BOARD OF COUNTY COMMISSIONERS
SWITZERLAND COUNTY

BOARD OF COUNTY COMMISSIONERS
SWITZERLAND COUNTY
AUDIT RESULT AND COMMENT

ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B53708, entitled *TRAINING ON INTERNAL CONTROL STANDARDS*.

Condition and Context

The County did not adopt internal control standards and procedures, or ensure that all required personnel received the training over the internal control standards to be adopted pursuant to state statute.

Criteria

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

BOARD OF COUNTY COMMISSIONERS
SWITZERLAND COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 23, 2022, with Yvette Emmich, County Auditor; Grant Dean, President of the Board of County Commissioners; and Steven Jones-Ellard, President of the County Council.