

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CRAWFORD COUNTY, INDIANA

January 1, 2020 to December 31, 2020



**FILED**  
03/21/2022



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Christian Howell	01-01-20 to 12-31-22
County Treasurer	Kelli R. Slaughterback Janice Mitchell	01-01-20 to 12-31-20 01-01-21 to 12-31-22
Clerk of the Circuit Court	Lisa Holzbog	01-01-20 to 12-31-22
County Sheriff	Jeff Howell	01-01-20 to 12-31-22
County Recorder	Jessica Villegas	01-01-20 to 12-31-22
President of the Board of County Commissioners	Morton Dale Daniel Crecelius Morton Dale	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	Chad Riddle Mark Stevens	01-01-20 to 12-31-21 01-01-22 to 12-31-22



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF CRAWFORD COUNTY, INDIANA

This report is supplemental to our audit report of Crawford 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/](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.

A handwritten signature in blue ink that reads "Beth Kelley".

Beth Kelley, CPA, CFE  
Deputy State Examiner

March 15, 2022

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COUNTY AUDITOR  
CRAWFORD COUNTY

COUNTY AUDITOR  
CRAWFORD COUNTY  
AUDIT RESULTS AND COMMENTS

**BANK ACCOUNT RECONCILIATIONS**

The same comment also appeared in prior Report B55878.

*Condition and Context*

Depository reconciliations of the County Treasurer's bank account balances to the County Auditor's funds ledger were conducted monthly; however, the adjusted bank balance exceeded the County Auditor's funds ledger balance by \$18,742. This difference consists of some identified errors that have not been corrected and some unidentified amounts carried over from prior years.

*Criteria*

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."

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 County Auditors of Indiana, Chapter 1)

**INTERNAL CONTROLS OVER FINANCIAL CLOSE AND REPORTING**

A similar comment also appeared in prior Reports B53552 and B55878, entitled *ANNUAL FINANCIAL REPORT* and *INTERNAL CONTROLS*, respectively.

*Condition and Context*

The County did not have a proper system of internal control in place over financial close and reporting to prevent, or detect and correct, errors. There was no supporting documentation to show that there was a proper review and approval process in place over the input of financial information into the Indiana Gateway for Government Units financial reporting system, which was the source of the County's Annual Financial Report (AFR) and 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.

COUNTY AUDITOR  
CRAWFORD COUNTY  
AUDIT RESULTS AND COMMENTS  
(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. . . ."

**CAPITAL ASSETS**

The same comment also appeared in prior Reports B53552 and B55878.

*Condition and Context*

The County did not properly maintain a complete detailed listing of capital assets owned.

*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)

**CARES ACT FUND**

*Condition and Context*

The County did not properly account for the Coronavirus Relief Fund (CRF) in accordance with State Examiner Directive 2020-3 (Directive).

1. The separate CARES grant fund, Crawford County-COVID fund (#9140), established by the County did not follow the uniform chart of accounts. The 9000 fund series is for state and local grants, not for federal grants.
2. The payroll reimbursement from Indiana Finance Authority (IFA) was receipted into the CARES grant fund. A claim was then prepared against the fund in favor of the County Treasurer. However, the claim was receipted into the General fund and the Emergency Ambulance fund. The full amount should have been claimed to the General fund, or Option One of the Directive should have been followed for the portion claimed to the Emergency Ambulance fund. By not creating reversing entries, expenditure activities were reflected in the incorrect fund and did not re-establish appropriations.
3. For costs other than payroll, the reimbursement from IFA was receipted into the CARES grant fund. Then, for all but two reimbursements, a transfer was made to the various funds in which the expenses originated. The two reimbursements remained in the CARES fund at the end of 2020. The ending balance in the fund was \$4,560.

COUNTY AUDITOR  
CRAWFORD 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)*. . . .**

**Reimbursed Public Health and Safety Payroll Costs**

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*. . . .**

**Reimbursed Costs Other than Public Health and Safety Payroll Costs**

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.

COUNTY AUDITOR  
CRAWFORD COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

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.

Once these steps are completed, the balance of the separate CARES grant fund will be zero. **No money shall remain in the separate CARES grant fund. . . .**

**Framework Two.** If IFA has provided reimbursement based on unpaid invoices or purchase orders, then reimbursements received from IFA shall be receipted into the separate CARES grant fund. The expenditures to vendors will be made through the CARES grant fund and these expenditures must match the application made to IFA. If the actual invoice or invoices relating to a purchase order is less than the purchase order, then the difference in the money expended to the vendor and the amount received for the purchase order from IFA must be returned to IFA. The items on the invoice must match the items on the purchase order. All documentation must be maintained.

Once these steps are completed, the balance of the separate CARES grant fund will be zero. **No money shall remain in the separate CARES grant fund. . . .**

**Framework Three.** If you have created a negative balance in your CARES fund based on expenditures made in anticipation of receipt of reimbursement for allowable expenditures where invoices have already been submitted to IFA then leave as is and receipt reimbursement when received, bringing the balance in the separate CARES grant fund to zero. Going forward, expend any anticipated allowable expenditures from a fund with an appropriation and follow framework one. If a negative balance in the CARES grant fund is not fully reimbursed, then the unreimbursed amount will require a reverse entry and posting of the expenditure to the general or other appropriate fund within an appropriated line item.

Once these steps are completed, the balance of the separate CARES grant fund will be zero. **No money shall remain in the separate CARES grant fund.** (State Examiner Directive 2020-3)

In anticipation of several separate funds being necessary, the following fund numbering system should be followed:

Counties: 8901-8925 . . .

(Memorandum *Accounting and Appropriation of COVID-19 Grants*, April 29, 2020 (updated September 29, 2020))

COUNTY AUDITOR  
CRAWFORD COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on March 15, 2022, with Christian Howell, County Auditor; Morton Dale, President of the Board of County Commissioners; and Mark Stevens, President of the County Council.

COUNTY TREASURER  
CRAWFORD COUNTY

COUNTY TREASURER  
CRAWFORD COUNTY  
AUDIT RESULT AND COMMENT

***BANK ACCOUNT RECONCILIATIONS***

The same comment also appeared in prior Report B55878.

*Condition and Context*

Depository reconciliations of the County Treasurer's bank account balances to the Treasurer's Daily Balance of Cash and Depositories, Form 47 (Cash Book), and the County Auditor's funds ledger were conducted monthly. The adjusted bank balance agreed to the total reported on the Cash Book as of December 31, 2020; however, there were numerous reconciling items that date back to 2017 that have remained uncorrected on the bank reconciliation. In addition, the adjusted bank balance exceeded the County Auditor's funds ledger by \$18,742 as of December 31, 2020.

*Criteria*

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."

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 County Treasurers of Indiana, Chapter 1)

COUNTY TREASURER  
CRAWFORD COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on March 15, 2022, with Janice Mitchell, County Treasurer; Morton Dale, President of the Board of County Commissioners; and Mark Stevens, President of the County Council.

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BOARD OF COUNTY COMMISSIONERS  
CRAWFORD COUNTY

BOARD OF COUNTY COMMISSIONERS  
CRAWFORD COUNTY  
AUDIT RESULT AND COMMENT

**CAPITAL ASSETS**

The same comment also appeared in prior Reports B53552 and B55878.

*Condition and Context*

The County has not adopted a Capital Asset policy that details the threshold at which an item would be considered a capital asset.

*Criteria*

The governing body of a unit must have a written policy concerning capital assets that includes at a minimum, the threshold at which an item is considered a capital asset. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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 Counties of Indiana, Chapter 1)

BOARD OF COUNTY COMMISSIONERS  
CRAWFORD COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on March 15, 2022, with Morton Dale, President of the Board of County Commissioners, and Mark Stevens, President of the County Council.

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COUNTY SHERIFF  
CRAWFORD COUNTY

COUNTY SHERIFF  
CRAWFORD COUNTY  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS**

A similar comment appeared in a Management Letter addressed to the County Sheriff for the audit period ending December 31, 2019.

*Condition and Context*

There were deficiencies in the internal control system of the Sheriff's Commissary Fund and Inmate Trust Fund related to financial transactions and reporting. An effective internal control system had not been established that separated incompatible activities related to cash and investments and financial close and reporting.

*Cash and Investments*

One individual performed the reconciliation of the depository accounts to the record balance. There was no evidence of an oversight, review, or approval process to ensure that bank reconciliations were properly completed.

*Financial Close and Reporting*

The Office Administrator prepared the Supplemental Annual Financial Report, which was reviewed and approved by the County Sheriff prior to submission to the County Auditor. However, the internal control was not effective in ensuring that the information was accurate prior to submission to the County Auditor.

*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:

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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 SHERIFF  
CRAWFORD COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

**MONTHLY AND ANNUAL GATEWAY UPLOADS**

*Condition and Context*

As of March 7, 2022, 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 years 2020, 2021, or the first two months of 2022.

*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)

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 Clerks, Records, and Sheriffs:

- Cash Balance Reports,
- Bank Reconcilements, Bank Statements, and Outstanding Check Lists

COUNTY SHERIFF  
CRAWFORD COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

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)

(Amended State Examiner Directive 2018-1)

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  
CRAWFORD COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on March 15, 2022, with Jeff Howell, County Sheriff; Morton Dale, President of the Board of County Commissioners; and Mark Stevens, President of the County Council.