

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

UNION COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED

03/23/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Cheryl Begley	01-01-19 to 12-31-22
County Treasurer	Linda Rosenberger	01-01-19 to 12-31-22
Clerk of the Circuit Court	Loree Persinger	01-01-19 to 12-31-22
County Sheriff	Dale Dishmond	01-01-19 to 12-31-22
County Recorder	Lavinia Brookshire Rachel Schlichter (interim) Sue Rude	01-01-19 to 09-07-21 09-08-21 to 09-27-21 09-28-21 to 12-31-22
President of the Board of County Commissioners	Paul Wiwi Tim Williams	01-01-19 to 12-31-21 01-01-22 to 12-31-22
President of the County Council	Richard Blank Trisha Persinger	01-01-19 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 UNION COUNTY, INDIANA

This report is supplemental to our audit report of Union 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.

Beth Kelley, CPA, CFE
Deputy State Examiner

March 15, 2022

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COUNTY AUDITOR
UNION COUNTY

COUNTY AUDITOR
UNION COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

The County Auditor's office had not established internal controls over financial close and reporting. The County Auditor prepared and submitted the financial information into the Indiana Gateway for Government Units financial reporting system, which was the source of the Annual Financial Report and financial statement, without documented internal controls in place to prevent or detect and correct errors in the financial 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. . . ."

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

Condition and Context

The November 2019 MVH distribution, totaling \$109,620, was posted entirely to the Motor Vehicle Highway fund in error. Half of the distribution, \$54,810, should have been posted to the MVH Restricted fund.

Criteria

Starting on January 1, 2019, the political subdivision must post at the time of receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted. (State Examiner Directive 2018-2)

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."

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 AUDITOR
UNION COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 15, 2022, with Cheryl Begley, County Auditor; Tim Williams, President of the Board of County Commissioners; and Richard Blank, Vice President of the County Council.