

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

POSEY COUNTY, INDIANA

January 1, 2021 to December 31, 2021



FILED
07/13/2022

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
County Auditor:	
Audit Results and Comments:	
Certification and Training on Internal Control Standards	6
Motor Vehicle Highway (MVH) - Restricted Fund Disbursements	6
Exit Conference	7
Clerk of Circuit Court:	
Audit Result and Comment:	
Internal Controls	10
Exit Conference	11
County Highway Department:	
Audit Result and Comment:	
Motor Vehicle Highway (MVH) - Restricted Fund Disbursements	14
Exit Conference	15
County Sheriff:	
Audit Result and Comment:	
Internal Controls	18
Exit Conference	19

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Maegan L. Greenwell	01-01-21 to 12-31-22
County Treasurer	Vicki J. Peerman	01-01-21 to 12-31-22
Clerk of the Circuit Court	Kay Kilgore	01-01-21 to 12-31-22
County Sheriff	Thomas E. Latham, Jr.	01-01-21 to 12-31-22
County Recorder	Mary Rhoades	01-01-21 to 12-31-22
President of the Board of County Commissioners	Bill Collins	01-01-21 to 12-31-22
President of the County Council	Heather Allyn	01-01-21 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 POSEY COUNTY, INDIANA

This report is supplemental to our audit report of Posey County (County), for the period from January 1, 2021 to December 31, 2021. 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

June 30, 2022

(This page intentionally left blank.)

COUNTY AUDITOR
POSEY COUNTY

COUNTY AUDITOR
POSEY COUNTY
AUDIT RESULTS AND COMMENTS

CERTIFICATION AND TRAINING ON INTERNAL CONTROL STANDARDS

This same comment also appeared in prior Report B58768.

Condition and Context

The County incorrectly certified on its Annual Financial Report that County employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the County, had received training over internal control standards that were developed or approved by the Indiana State Board of Accounts. However, the County was unable to provide supporting documentation that showed the required employees had received the training.

Criteria

Indiana 5-11-1-27(g) states in part:

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

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

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](#)."

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND DISBURSEMENTS

This same comment appeared in prior Report B58768.

Condition and Context

Of the ten MVH Restricted fund disbursements tested, seven were for activities not specifically related to construction, reconstruction, or preservation of the County's highways. The disbursements not in compliance included the use of rental of equipment on unspecified projects, bulk material purchases for non-specified future projects, and personnel services used for repair and maintenance.

Criteria

Indiana Code 8-14-1-4(b) states "For funds distributed to a country 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
POSEY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 30, 2022, with Maegen L. Greenwell, County Auditor; Shelly Hargrove, Chief Deputy Auditor; Bill Collins, President of the Board of County Commissioners; Heather Allyn, President of the County Council.

(This page intentionally left blank.)

CLERK OF THE CIRCUIT COURT
POSEY COUNTY

CLERK OF THE CIRCUIT COURT
POSEY COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

This same comment also appeared in prior Report B58768.

Condition and Context

There were deficiencies in the internal control system of the Clerk of the Circuit Court (Clerk) related to financial transactions and reporting. The Clerk had not established an effective internal control system that separated incompatible activities related to cash and investments, receipts, and disbursements.

Cash and Investments

The Clerk prepared monthly bank reconciliations. There were no documented internal controls in place to prevent, or detect and correct, errors in cash and investments, such as oversight, review, or approval process of the bank reconciliations.

Receipts

The Chief Deputy Clerk prepared the daily deposit of the Circuit and Superior Courts and delivered the deposits to the bank. There was no documented oversight, review, or approval process over the receipting, depositing, and posting of receipts.

Disbursements

All deputy clerks had the ability to prepare checks. There were no documented internal controls in place to prevent, or detect and correct, errors in disbursements, such as an oversight, review, or approval process of the disbursements.

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. . . ."

CLERK OF THE CIRCUIT COURT
POSEY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 30, 2022, with Maegen L. Greenwell, County Auditor; Shelly Hargrove, Chief Deputy Auditor; Bill Collins, President of the Board of County Commissioners; Heather Allyn, President of the County Council; and Kay Kilgore, Clerk of the Circuit Court.

(This page intentionally left blank.)

COUNTY HIGHWAY DEPARTMENT
POSEY COUNTY

COUNTY HIGHWAY DEPARTMENT
POSEY COUNTY
AUDIT RESULT AND COMMENT

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND DISBURSEMENTS

This same comment also appeared in prior Report B58768.

Condition and Context

Of the ten MVH - Restricted fund disbursements tested, seven were for activities not specifically related to construction, reconstruction, or preservation of the County's highways. The disbursements not in compliance included the use of rental of equipment on unspecified projects, bulk material purchases for non-specified future projects, and personnel services used for repair and maintenance.

Criteria

Indiana Code 8-14-1-4(b) states "For funds distributed to a country 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 HIGHWAY DEPARTMENT
POSEY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 30, 2022, with Maegen L. Greenwell, County Auditor; Shelly Hargrove, Chief Deputy Auditor; Bill Collins, President of the Board of County Commissioners; Heather Allyn, President of the County Council; Jeffrey L. Toelle, County Highway Foreman; and Angela Wiley, Cost Clerk.

(This page intentionally left blank.)

COUNTY SHERIFF
POSEY COUNTY

COUNTY SHERIFF
POSEY COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

A similar comment appeared in prior Report B53089, entitled *SUPPLEMENTAL REPORT*, and in prior Report B58768, entitled *INTERNAL CONTROLS*.

Condition and Context

There were deficiencies in the internal control system of the County Sheriff (Sheriff) related to financial transactions and reporting of the Inmate Commissary fund and the Inmate Trust fund. The Sheriff had not established an effective internal control system that separated incompatible activities related to disbursements.

Disbursements

The Sheriff, Matron, Administrative Assistant, and all jailers had the ability to prepare checks from the Inmate Trust fund with an autogenerated signature. There were no documented internal controls in place to prevent, or detect and correct, errors in disbursements, such as an oversight, review, or approval process of the disbursements.

The Matron had the ability to prepare and sign checks from the Inmate Commissary fund. There were no documented internal controls in place to prevent, or detect and correct, errors in disbursements, such as an oversight, review, or approval process of the disbursements.

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 SHERIFF
POSEY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 30, 2022, with Maegen L. Greenwell, County Auditor; Shelly Hargrove, Chief Deputy Auditor; Bill Collins, President of the Board of County Commissioners; Heather Allyn, President of the County Council; and Thomas E. Latham, Jr., County Sheriff.