

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

NOBLE COUNTY, INDIANA

January 1, 2021 to December 31, 2021



FILED
08/04/2022

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
County Auditor:	
Audit Results and Comments:	
Annual Financial Report.....	6-7
Capital Assets	7
Exit Conference	8

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Tonya Jones	01-01-21 to 12-31-22
County Treasurer	Michelle Mawhorter	01-01-21 to 12-31-22
Clerk of the Circuit Court	Tammy Bremer	01-01-21 to 12-31-22
County Sheriff	Max Weber	01-01-21 to 12-31-22
County Recorder	Candy Myers	01-01-21 to 12-31-22
President of the Board of County Commissioners	Gary Leatherman	01-01-21 to 12-31-22
President of the County Council	Denise Lemmon	01-01-21 to 12-31-22



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF NOBLE COUNTY, INDIANA

This report is supplemental to our audit report of Noble 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

July 21, 2022

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COUNTY AUDITOR
NOBLE COUNTY

COUNTY AUDITOR
NOBLE COUNTY
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

A similar comment appeared in prior Report B57894, entitled *ANNUAL FINANCIAL REPORT - FINANCIAL STATEMENT*.

Condition and Context

The County had not established effective internal controls over the fund financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's financial statement.

The County failed to properly review the fund financial information prepared and submitted in Gateway. Although one employee prepared and entered the fund financial information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect and allow for correction of errors prior to submission.

Due to the lack of effective internal controls, the financial statement presented for audit included the following errors:

1. Beginning cash and investments balances were understated for 33 funds, totaling \$1,945,857, and overstated for 13 funds, totaling \$1,945,857.
2. Receipts were understated for 45 funds, totaling \$20,339,416, and overstated for 15 funds, totaling \$20,671,503.
3. Disbursements were understated for 44 funds, totaling \$19,702,036, and overstated for 14 funds, totaling \$20,034,123.
4. Ending cash and investments balances were understated for 38 funds, totaling \$2,583,237, and overstated for 14 funds, totaling \$2,583,237.

Audit adjustments were proposed, accepted by the County, and made to the financial statement presented in the Financial Statement Audit Report.

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
NOBLE 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. . . ."

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](#)."

CAPITAL ASSETS

Condition and Context

Construction in progress (CiP) reported in the Capital Assets section of the Annual Financial Report did not include an amount for the new county annex building. As a result CiP was understated by \$9,330,925. Adjustments were proposed, accepted by the County, and made to the Capital Assets Schedule.

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 Counties of Indiana, Chapter 1)

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
NOBLE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 21, 2022, with Tonya Jones, County Auditor; Gary Leatherman, President of the Board of County Commissioners; and David Dolezal, County Commissioner.