

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WAYNE COUNTY, INDIANA

January 1, 2021 to December 31, 2021



**FILED**  
08/10/2022



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Kimberly A. Walton	01-01-21 to 12-31-22
County Treasurer	Nancy Funk	01-01-21 to 12-31-22
Clerk of the Circuit Court	Debra Berry	01-01-21 to 12-31-22
County Sheriff	Randy Retter	01-01-21 to 12-31-22
County Recorder	Debby Resh	01-01-21 to 12-31-22
President of the Board of County Commissioners	Kenneth E. Paust	01-01-21 to 12-31-22
President of the County Council	Robert Chamness Beth Leisure	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  
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INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
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TO: THE OFFICIALS OF WAYNE COUNTY, INDIANA

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

Beth Kelley, CPA, CFE  
Deputy State Examiner

July 20, 2022

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COUNTY AUDITOR  
WAYNE COUNTY

COUNTY AUDITOR  
WAYNE COUNTY  
AUDIT RESULTS AND COMMENTS

**ERRORS ON CLAIMS**

*Condition and Context*

Of the 21 vendor claims selected for compliance with laws and regulations testing, 4 were not approved by the Board of County Commissioners or the County Auditor.

*Criteria*

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

**REPORTING ERRORS - OTHER INFORMATION**

*Condition and Context*

The County reported information for Accounts Payables/Account Receivables and Capital Assets in the 2021 County Annual Financial Report Other Information. The County indicated that there were no receivables or payables even though there were receivables and payables on December 31, 2021. In addition, the County did not include 2021 asset additions in the capital asset disclosure.

*Criteria*

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 (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  
WAYNE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 20, 2022, with Kimberly A. Walton, County Auditor; Jeffrey C. Plasterer, County Commissioner; Mary Anne Butters, County Commissioner; Kenneth E. Paust, President of the Board of County Commissioners; Beth Leisure, President of the County Council; Max Smith, County Council member; Gerald E. Saunders, County Council member; Cathy Williams, County Council member; Robert Chamness, County Council member; Rodger Smith, County Council member; Tony Gillam, County Council member; Ron Cross, County Attorney; and Jennie Bailey, Chief Deputy Auditor.

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CLERK OF THE CIRCUIT COURT  
WAYNE COUNTY

CLERK OF THE CIRCUIT COURT  
WAYNE COUNTY  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS OVER FINANCIAL CLOSE AND REPORTING**

*Condition and Context*

There was a deficiency in the internal control system of the office of the Clerk of the Circuit Court related to financial close and reporting.

There was no documentation of a review of the Supplemental County Annual Report (CAR-1) for the Clerk Trust and the Clerk Child Support - ISETS funds by anyone other than the preparer.

*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. . . ."

**ANNUAL FINANCIAL REPORT - CLERK**

*Condition and Context*

The Clerk of the Circuit Court's Supplemental County Annual Report (CAR-1), submitted to the County Auditor for inclusion in the County's Annual Financial Report and financial statement, was incorrect. Receipts and disbursements on the CAR-1 were not properly reduced by Pay.Gov credit card transactions that had not been processed by year end. Additionally, bank account transfers for 2021 were not properly recorded. These two errors resulted in receipts being overstated by \$726,496 and disbursements being overstated by \$727,159 in the financial statement.

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

*Criteria*

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](#)."

CLERK OF THE CIRCUIT COURT  
WAYNE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 20, 2022, with Debra Berry, Clerk of the Circuit Court, and Melanie Vaughn, Deputy Clerk of the Circuit Court.

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COUNTY TREASURER  
WAYNE COUNTY

COUNTY TREASURER  
WAYNE COUNTY  
AUDIT RESULT AND COMMENT

**ANNUAL FINANCIAL REPORT - TREASURER**

*Condition and Context*

The County Treasurer had not established a system of internal control over financial transactions and reporting. The County Treasurer submitted the Supplemental Annual Report (CAR-1) for the After Settlement Collection fund to the County Auditor without a documented review or approval process in place to prevent, or detect and correct, errors on the CAR-1. Due to the lack of internal controls, the CAR-1's beginning balance for the After Settlement Collection fund included investments from all County funds and not just the investments from the After Settlement Collection fund. This caused the beginning cash and investments balance for the After Settlement Collection fund to be overstated by \$20,172,731 in the financial statement.

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:

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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 TREASURER  
WAYNE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 20, 2022, with Nancy Funk, County Treasurer, and Cara Hollingsworth, Deputy County Treasurer.

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BOARD OF COUNTY COMMISSIONERS  
WAYNE COUNTY

BOARD OF COUNTY COMMISSIONERS  
WAYNE COUNTY  
AUDIT RESULT AND COMMENT

**ERRORS ON CLAIMS**

*Condition and Context*

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- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

BOARD OF COUNTY COMMISSIONERS  
WAYNE COUNTY  
EXIT CONFERENCE

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