

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CRAWFORD COUNTY, INDIANA

January 1, 2021 to December 31, 2021



FILED
08/11/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Christian Howell	01-01-21 to 12-31-22
County Treasurer	Janice Mitchell	01-01-21 to 12-31-22
Clerk of the Circuit Court	Lisa Holzbog	01-01-21 to 12-31-22
County Sheriff	Jeff Howell	01-01-21 to 12-31-22
County Recorder	Jessica Villegas	01-01-21 to 12-31-22
President of the Board of County Commissioners	Daniel Crecelius Morton Dale	01-01-21 to 12-31-21 01-01-22 to 12-31-22
President of the County Council	Chad Riddle Mark Stevens	01-01-21 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, 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 19, 2022

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COUNTY AUDITOR
CRAWFORD COUNTY

COUNTY AUDITOR
CRAWFORD COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL CLOSE AND REPORTING

The same comment also appeared in prior Report B58861.

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 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.

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

A similar comment also appeared in prior Report B58861, entitled *CAPITAL ASSETS*.

Condition and Context

The County provided a detailed capital asset listing, but was not able to provide a listing for infrastructure resulting in the Schedule of Capital Assets reported in the Indiana Gateway for Government Units financial reporting system to be materially incorrect. Additionally, the County did not complete a physical inventory of its capital assets at least every two years as required.

COUNTY AUDITOR
CRAWFORD COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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)

BANK ACCOUNT RECONCILIATIONS

The same comment also appeared in prior Report B58861.

Condition and Context

Depository reconciliations of the County Treasurer's bank account balances to the County Auditor's fund ledger were conducted monthly; however, the adjusted bank balance exceeded the County Auditor's fund ledger balance by \$12,655. 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)

COUNTY AUDITOR
CRAWFORD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 19, 2022, with Christian Howell, County Auditor; Morton Dale, President of the Board of County Commissioners; and William Breeding, Vice 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 B58861.

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, 2021; 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 \$12,655 as of December 31, 2021.

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 July 19, 2022, with Janice Mitchell, County Treasurer; Morton Dale, President of the Board of County Commissioners; and William Breeding, Vice President of the County Council.

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COUNTY SHERIFF
CRAWFORD COUNTY

COUNTY SHERIFF
CRAWFORD COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

The same comment also appeared in prior Report B58861.

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:

"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
CRAWFORD COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

MONTHLY AND ANNUAL ENGAGEMENT UPLOADS

The same comment also appeared in prior Report B58861.

Condition and Context

As of June 30, 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 year 2021, or the first six months of 2022.

Criteria

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. . . . thereafter, annual files must be uploaded no later than March 1st . . . for the prior year end unless the SBOA establishes a different date. . . .

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, . . .
- Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund . . .

For County Clerks, Recordors, and Sheriffs:

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

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 July 19, 2022, with Jeff Howell, County Sheriff; Morton Dale, President of the Board of County Commissioners; and William Breeding, Vice President of the County Council.