

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BENTON COUNTY, INDIANA

January 1, 2021 to December 31, 2021



FILED
09/14/2022

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
County Auditor:	
Audit Result and Comment:	
Financial Transactions and Reporting	6-7
Official Response.....	8
Exit Conference	9
County Sheriff:	
Audit Result and Comment:	
Monthly and Annual Engagement Uploads to Gateway	12
Exit Conference	13
Board of County Commissioners:	
Audit Result and Comment:	
Capital Assets	16
Official Response.....	17
Exit Conference	18

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Audrey Freeland	01-01-21 to 12-31-22
County Treasurer	Carole Hoff	01-01-21 to 12-31-22
Clerk of the Circuit Court	Natalie Kidd	01-01-21 to 12-31-22
County Sheriff	Donald Munson	01-01-21 to 12-31-22
County Recorder	Glenda Wallpe	01-01-21 to 12-31-22
President of the Board of County Commissioners	Bryan Berry	01-01-21 to 12-31-22
President of the County Council	Robert D. Sloniger	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 BENTON COUNTY, INDIANA

This report is supplemental to our audit report of Benton 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

August 23, 2022

(This page intentionally left blank.)

COUNTY AUDITOR
BENTON COUNTY

COUNTY AUDITOR
BENTON COUNTY
AUDIT RESULT AND COMMENT

FINANCIAL TRANSACTIONS AND REPORTING

The same comment also appeared in prior Reports B49048 and B53638.

Condition and Context

The County had not established internal controls over the fund financial information entered in the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (financial statement).

The County failed to properly review the fund financial information prepared and submitted in Gateway. The Deputy County Auditor prepared and entered the fund financial information into Gateway without a review, oversight, or approval process.

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

1. The Clerks Trust fund beginning cash and investments balance was overstated by \$20,992 and receipt and disbursement activity was omitted, which understated receipts and disbursements by \$546,413 and \$495,607, respectively, and understated the ending cash and investments balance by \$20,814.
2. The After Settlement Collections fund beginning cash and investments balance and disbursements were each overstated by \$1,191,754.
3. Four funds were included for supplemental departments for which the activity was already reported in the financial statement. As a result, the total beginning cash and investments balance, receipts, disbursements, and ending cash and investments balance were overstated by \$50,789; \$471,326; \$473,964; and \$48,151, respectively.
4. Other immaterial errors overstated receipts and disbursements by \$960 and \$1,600, respectively.

COUNTY AUDITOR
BENTON COUNTY
AUDIT RESULT AND COMMENT
(Continued)

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

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](#)."

BENTON COUNTY

706 E. 5th Street, Suite 21
Fowler, IN 47944
765-884-0760

OFFICIAL RESPONSE

Date: August 30, 2022

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

Re: Official Response

Financial Transactions and Reporting

This was addressed immediately. An amended internal control policy was adopted for the county but was not in effect for audit period. A plan of action has been implemented and the SOP (steps of operation) have been updated to reflect this.

Each year when the Auditor sends out a request for the CAR-1 reports, the beginning balances will be verified with prior years ending balance. If there are any amounts that do not match the Auditor will ask the Department Head to write a verification/reason for the change in amounts. The Deputy Auditor and Auditor will work together to complete the AFR using the newly implemented internal controls policy to ensure that we have a review and proper submission process

Capital Assets

A capital asset policy has been created. The policy will be adopted and in effect for Benton County by the end of September 2022.

Audrey Freeland
County Auditor, Benton County

706 E. 5th Street ♦ Fowler, IN 47944
765-884-1687 ♦ Fax 765-884-2075

COUNTY AUDITOR
BENTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 23, 2022, with Audrey Freeland, County Auditor; Elizabeth Budreau, Deputy County Auditor; Bryan Berry, President of the Board of County Commissioners; Mike Freeland, County Commissioner; and Robert D. Sloniger, President of the County Council.

(This page intentionally left blank.)

COUNTY SHERIFF
BENTON COUNTY

COUNTY SHERIFF
BENTON COUNTY
AUDIT RESULT AND COMMENT

MONTHLY AND ANNUAL ENGAGEMENT UPLOADS TO GATEWAY

Condition and Context

The County Sheriff failed to upload any of the required monthly or annual files to the Indiana Gateway for Government Units financial reporting system.

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: . . .

For County Clerks, Recorders, 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

(Amended State Examiner Directive 2018-1)

COUNTY SHERIFF
BENTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 23, 2022, with Audrey Freeland, County Auditor; Elizabeth Budreau, Deputy County Auditor; Bryan Berry, President of the Board of County Commissioners; Mike Freeland, County Commissioner; and Robert D. Sloniger, President of the County Council.

(This page intentionally left blank.)

BOARD OF COUNTY COMMISSIONERS
BENTON COUNTY

BOARD OF COUNTY COMMISSIONERS
BENTON COUNTY
AUDIT RESULT AND COMMENT

CAPITAL ASSETS

Condition and Context

The County had not adopted a capital asset policy that details a capitalization threshold.

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)

BENTON COUNTY

706 E. 5th Street, Suite 21
Fowler, IN 47944
765-884-0760

OFFICIAL RESPONSE

Date: August 30, 2022

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

Re: Official Response

Financial Transactions and Reporting

This was addressed immediately. An amended internal control policy was adopted for the county but was not in effect for audit period. A plan of action has been implemented and the SOP (steps of operation) have been updated to reflect this.

Each year when the Auditor sends out a request for the CAR-1 reports, the beginning balances will be verified with prior years ending balance. If there are any amounts that do not match the Auditor will ask the Department Head to write a verification/reason for the change in amounts. The Deputy Auditor and Auditor will work together to complete the AFR using the newly implemented internal controls policy to ensure that we have a review and proper submission process

Capital Assets

A capital asset policy has been created. The policy will be adopted and in effect for Benton County by the end of September 2022.

Audrey Freeland
County Auditor, Benton County

706 E. 5th Street ♦ Fowler, IN 47944
765-884-1687 ♦ Fax 765-884-2075

BOARD OF COUNTY COMMISSIONERS
BENTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 23, 2022, with Audrey Freeland, County Auditor; Elizabeth Budreau, Deputy County Auditor; Bryan Berry, President of the Board of County Commissioners; Mike Freeland, County Commissioner; and Robert D. Sloniger, President of the County Council.