

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

HUNTINGTON COUNTY, INDIANA

January 1, 2021 to December 31, 2021



FILED
09/16/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Jill Landrum	01-01-21 to 12-31-22
County Treasurer	Brenda Hamilton	01-01-21 to 12-31-22
Clerk of the Circuit Court	Shelley Septer	01-01-21 to 12-31-22
County Sheriff	Christian E. Newton	01-01-21 to 12-31-22
County Recorder	Vicki G. Pearson	01-01-21 to 12-31-22
President of the Board of County Commissioners	Tom Wall Rob Miller	01-01-21 to 12-31-21 01-01-22 to 12-31-22
President of the County Council	Ron Kline Kendall Mickley	01-01-21 to 05-13-21 05-14-21 to 12-31-22



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF HUNTINGTON COUNTY, INDIANA

This report is supplemental to our audit report of Huntington 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 31, 2022

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COUNTY AUDITOR
HUNTINGTON COUNTY

COUNTY AUDITOR
HUNTINGTON COUNTY
AUDIT RESULTS AND COMMENTS

SALES TAX PAID ON PURCHASES

Condition and Context

The County Auditor paid sales tax, totaling \$2,297, on 25 invoices. The invoices were paid to the same vendor. The County Auditor is responsible for submitting the tax exemption certificate to all vendors and verifying that they are not paying Indiana sales tax on its purchases.

Criteria

Units should contact the Indiana Department of Revenue to obtain the exemption certificate. After obtaining the exemption certificate, it must be presented at the time a purchase is made. If sales tax is paid erroneously, a refund application may be obtained from the Sales Tax Division of the DOR.

Sales taxes that are paid on qualifying purchases by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

Condition and Context

The County correctly posted 50 percent of its State Motor Vehicle Highway (MVH) Account distributions to the MVH Restricted fund as required; however, the County reduced the 2021 fiscal year distributions from the MVH Account below 50 percent by transferring \$49,062 to the 2020-2-CCMG (Community Crossings Grant) fund. Additionally, the MVH Restricted fund receipts included Other Receipts totaling \$40,609, which consisted of transfers from multiple Community Crossings Grant funds; therefore, reducing the MVH Account distributions below 50 percent by a net amount of \$8,453. Although these expenditures were for allowable construction expenses, they should have been paid directly from the MVH Restricted fund. The transfers were not a permissible use (construction, reconstruction, preservation) of the MVH Restricted fund.

COUNTY AUDITOR
HUNTINGTON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

Starting on January 1, 2019, the political subdivision must post at the time of receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted.

The political subdivision, by ordinance or resolution, may elect to allocate more than fifty percent (50%) of the distributions to MVH Restricted. During the same fiscal year, the political subdivision may transfer, by ordinance or resolution, the amount allocated in excess of the 50% requirement from MVH Restricted to MVH. ***In no event can any transfers from MVH Restricted to MVH reduce the fiscal year distributions from the State Motor Vehicle Highway Account below the 50% requirement for MVH Restricted.***

Any amounts allocated in excess of the required 50% of distributions which remain in MVH Restricted at the end of the fiscal year must remain in MVH Restricted until expended for construction, reconstruction, or preservation.

Qualified expenditures will then be entered accordingly to MVH and MVH Restricted:

MVH: Permissible uses of the State Motor Vehicle Highway (MVH) Accounts distributions are outlined in Indiana Code 8-14-1-4 for counties and in Indiana Code 8-14-1-5 for cities and towns.

MVH Restricted: Effective July 1, 2018, Indiana Code 8-14-1-4(b) and Indiana Code 8-14-1-5(c) requires at least 50% of the MVH distributions to be used for construction, reconstruction and preservation of the unit's highways. (Maintenance expenditures no longer count toward the 50% requirement.) . . .

(State Examiner Directive 2018-2)

COUNTY AUDITOR
HUNTINGTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 31, 2022, with Jill Landrum, County Auditor; Rob Miller, President of the Board of County Commissioners; Kendall Mickley, President of the County Council; and Kittie Keiffer, County Council member.

CLERK OF THE CIRCUIT COURT
HUNTINGTON COUNTY

CLERK OF THE CIRCUIT COURT
HUNTINGTON COUNTY
AUDIT RESULT AND COMMENT

FINANCIAL TRANSACTIONS

Condition and Context

There were deficiencies in the internal control system of the Clerk of the Circuit Court's (Clerk) office related to financial transactions. The Clerk had not separated incompatible activities related to receipts and disbursements.

Receipts

Daily Clerk trust receipts collected were balanced by each responsible cashier and reviewed and verified by the Deputy Clerk. The Deputy Clerk also collected daily receipts; however, these receipts were not reviewed and verified by a separate employee.

Clerk trust receipt adjustments were prepared by the Deputy Clerk, but were not reviewed and approved by a separate employee.

Disbursements

Clerk trust and support disbursements were prepared by the Deputy Clerk, but were not reviewed and verified by a separate employee.

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
HUNTINGTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 31, 2022, with Shelley Septer, Clerk of the Circuit Court.