

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

GRANT COUNTY, INDIANA

January 1, 2021 to December 31, 2021



FILED
11/17/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	James E. McWhirt	01-01-21 to 12-31-22
County Treasurer	Tiffany N. Griffith	01-01-21 to 12-31-22
Clerk of the Circuit Court	Pamela K. Harris	01-01-21 to 12-31-22
County Sheriff	Reggial E. Nevels, Sr.	01-01-21 to 12-31-22
County Recorder	Kathy Foy	01-01-21 to 12-31-22
President of the Board of County Commissioners	Mark Bardsley	01-01-21 to 12-31-22
President of the County Council	Shane Middlesworth	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 GRANT COUNTY, INDIANA

This report is supplemental to our audit report of Grant 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.

A handwritten signature in blue ink that reads "Beth Kelley".

Beth Kelley, CPA, CFE
Deputy State Examiner

November 3, 2022

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COUNTY TREASURER
GRANT COUNTY

COUNTY TREASURER
GRANT COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER CASH

A similar comment also appeared in the prior Report B57441, entitled *INTERNAL CONTROLS OVER CASH AND RECEIPTS*.

Condition and Context

Adequate internal controls were not in place over cash of the County Treasurer's Department.

A review process was in place for the bank reconciliations; however, it was not effective. Bank reconciliations were performed monthly, but contained numerous errors and the reconciliations did not reconcile to the County Auditor's Fund Ledger.

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. . . ."

BANK ACCOUNT RECONCILIATIONS

A similar comment also appeared in prior Reports B55876, entitled *BANK ACCOUNT RECONCILIATIONS AND MONTHLY FINANCIAL REPORTS*; and B57441, entitled *BANK ACCOUNT RECONCILIATIONS*.

Condition and Context

Depository reconciliations of the fund balances to the bank account balances were attempted, but were not considered complete for any month during the audit period because each contained unidentified reconciling items. Additional work performed by the Indiana State Board of Accounts indicated a difference between the adjusted bank balance and the County's Auditor's Fund Ledger of a cash short of \$273,117 at December 31, 2021. The December 31, 2021 bank reconciliation contained various confirmed reconciling items that were dated as old as 2012.

In addition, the outstanding check list included stale dated checks that were over two years old as of December 31, 2020, totaling \$93,409. These checks were written in 2017 from a bank account that was closed on October 17, 2019.

COUNTY TREASURER
GRANT COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

An adjustment of \$273,117 has been proposed and accepted by officials. Officials have agreed that the posting and depositing of the adjustment will be completed by December 31, 2022.

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)

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void. . . ."

Indiana Code 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the:

- (1) board of finance of the political subdivision; or
- (2) fiscal body of a city or town.

The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5 states in part:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision. . . ."

COUNTY TREASURER
GRANT COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

CONDITION OF RECORDS

Condition and Context

On December 14, 2021, the County purchased a Total Monies on Deposit Certificate of Deposit (CD) in the amount of \$2,000,000. The transaction to purchase the CD was posted to the County's funds ledger; however, the purchase was also posted as such to the County Treasurer's Cash Book. Therefore, the CD was double posted and reported in the County Treasurer's Cash Book. As a result, the County Treasurer overstated the County's financial position by \$2,000,000 on December 31, 2021.

The County Treasurer has an obligation to correctly report the County's financial position.

Criteria

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)

Tiffany N. Griffith
Grant County Treasurer
Grant County Complex
401 South Adams Street, Suite 229

Marion, IN 46953

Phone: 765-668-6556

E-mail: treasurer@grantcounty.net

FAX: 765-651-0692

OFFICIAL RESPONSE

Date: November 4, 2022

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

Re: Official Response to Audit - 2021

Please accept this correspondence as my official response to the Audit Results and Comments included in the audit for the year ending December 31, 2021.

As Treasurer, I concur with the Audit Results and Comments included in this report. I fully accept the responsibilities of my office. We have identified weaknesses and continue to be diligent in finding resolutions within our procedures that are effective and efficient.

Upon discussing the deficiencies with State Board, we are implementing proactive changes within the office to remedy any future issues.

I appreciate the manner in which the field examiners of the Indiana State Board of Accounts brought such items to our attention. Along with their guidance and support they gave, our office can continue on a path of positive corrective action with effective, efficient, transparent, and accurate results.

I continue to be fully committed to fulfilling the responsibilities of the office of Grant County Treasurer in the prescribed manner.

Thank you,



Tiffany N. Griffith
Grant County Treasurer

COUNTY TREASURER
GRANT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 3, 2022, with Tiffany N. Griffith, County Treasurer; Annie Pritchett, Deputy County Treasurer; Shane Middlesworth, President of the County Council; and Mark Bardsley, President of the Board of County Commissioners.

COUNTY SHERIFF
GRANT COUNTY

COUNTY SHERIFF
GRANT COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS - SHERIFF INMATE TRUST AND SHERIFF COMMISSARY

A similar comment also appeared in Reports B55876 and B57441, entitled *INTERNAL CONTROLS - SHERIFF INMATE TRUST AND SHERIFF COMMISSARY*.

Condition and Context

Internal controls over the cash and reporting of the financial transactions of the Sheriff Inmate Trust and Sheriff Commissary funds were deficient. As a result of the internal control deficiencies, errors remained undetected.

Cash

Internal controls over cash for Sheriff Inmate Trust were in place; however, the internal controls were not effective for Sheriff Inmate Trust.

Financial Close and Reporting

Internal controls over the Supplemental Annual Financial Report for Sheriff Commissary and Inmate Trust were not in place.

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. . . ."

CONDITION OF RECORDS - SHERIFF INMATE TRUST

A similar comment also appeared in prior Reports B55876 and B57441, entitled *CONDITION OF RECORDS*.

COUNTY SHERIFF
GRANT COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Condition and Context

The County Annual Report (CAR) provided to the County Auditor by the County Sheriff, the CAR1 report generated by the County Sheriff's accounting software system, and the Cash Book Bank Statement Reconciliation report generated by the software system each reported a different cash balance as of December 31, 2021, of \$193,353, \$191,350 and \$179,378, respectively. Each of these reports should report the same cash balance as of the same date.

As a result, the reconciled bank balance could not be determined. On December 31, 2021, the reconciled bank balance could be as much as \$13,976 less than the record balance.

Criteria

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 Counties of Indiana, Chapter 1)

SUPPLEMENTAL ANNUAL FINANCIAL REPORT - SHERIFF INMATE TRUST

A similar comment also appeared in prior Reports B55876 and B57441, entitled *SUPPLEMENTAL ANNUAL FINANCIAL REPORT - SHERIFF INMATE TRUST AND SHERIFF COMMISSARY*.

Condition and Context

The 2021 Supplemental Annual Financial Report for the Sheriff Inmate Trust fund did not reflect the activity of the fund. Audit adjustments were proposed and approved by management to report the correct amount in 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](#)."

INMATE TRUST RECORDS

A similar comment also appeared in prior Reports B55876 and B57441, entitled *SHERIFF INMATE TRUST FUND SOURCES AND USES*.

Condition and Context

The total Detainee Balance detail amounts did not agree to the total Detainee Balances Report amounts that were reported on the CAR-1 report.

COUNTY SHERIFF
GRANT COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

Indiana Code 36-8-10-22 states:

- "(a) This section applies to any county that operates a county jail.
- (b) The sheriff shall hold in trust separately for each inmate any money received from that inmate or from another person on behalf of that inmate.
- (c) If the inmate or the inmate's legal guardian requests a disbursement from the inmate's trust fund, the sheriff may make a disbursement for the personal benefit of the inmate, including but not limited to a disbursement to the county jail commissary.
- (d) Upon discharge or release of an inmate from the county jail, the sheriff shall pay to that inmate or the inmate's legal guardian any balance remaining in the inmate's trust fund.
- (e) If an inmate is found guilty of intentionally destroying or losing county property after a hearing conducted under [IC 11-11-5-5](#), the sheriff may disburse from the inmate's trust fund or commissary account sums of money as reimbursement to the county for the inmate's intentional destruction or loss of county property, including but not limited to clothing, bedding, and other nondisposable items issued by the county to the inmate. Before disbursing money under this subsection, the sheriff shall adopt rules to administer this procedure.
- (f) The sheriff shall maintain a record of each trust fund's receipts and disbursements. The state board of accounts shall prescribe the form for this record."

COUNTY SHERIFF
GRANT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 3, 2022, with Reggial E. Nevels, Sr., County Sheriff; Rogina Banks, County Sheriff Matron; Del Garcia, Chief Deputy County Sheriff; and Valisha K. Cragun, Intell Analyst.

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CLERK OF THE CIRCUIT COURT
GRANT COUNTY

CLERK OF THE CIRCUIT COURT
GRANT COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

A similar comment also appeared in prior Report B57441, entitled *INTERNAL CONTROLS*.

Condition and Context

Internal controls over the recording, reconciling, and reporting of the financial transactions of the Clerk of the Circuit Court (Clerk) funds were deficient. As a result of the internal control deficiencies, errors could have occurred and remained undetected.

Cash

Bank reconciliations were performed monthly by the First Deputy Bookkeeper. A stamp of the Clerk's signature was provided on the reconciliation; however, the signature was stamped by the same employee who completed the bank reconciliation. The reconciliation was not reviewed by the Clerk or someone other than the preparer.

Financial Close and Reporting

The Supplemental Annual Financial Report (SAFR) was prepared by the First Deputy Bookkeeper. A stamp of the Clerk's signature was provided on the SAFR; however, the signature was stamped by the same employee who completed the SAFR. The SAFR was not reviewed by the Clerk or someone other than the preparer.

Receipts

Internal controls over Trust and Support receipts were not implemented. Multiple duties such as receipting and depositing were performed without appropriate oversight and review by a second employee. Receipt documentation and reports were retained, but no evidence of review was presented.

CLERK OF THE CIRCUIT COURT
GRANT COUNTY
AUDIT RESULT AND COMMENT
(Continued)

Disbursements

Internal controls over Trust and Support disbursements were not implemented. Multiple duties such as posting and creating checks were performed without appropriate oversight and review by a second employee. Disbursement documentation and reports were retained, but no evidence of review was presented.

Criteria

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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
GRANT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 3, 2022, with Pamela K. Harris, Clerk of the Circuit Court.