



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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March 14, 2023

To: The Officials of Madison County
Madison County
16 E Ninth Street
Anderson, IN 46016

This report is supplemental to the audit report of the Madison County (County), for the period January 1, 2020 to December 31, 2020. It has been provided as a separate report so that the reader may easily identify any Examination Findings that pertain to the County. It should be read in conjunction with the financial statement audit report of the County, which provides an opinion on the County's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the County and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the Supplemental Audit Report for Madison County, prepared by RSM US, LLP, Independent Public Accountants, for the period January 1, 2020 to December 31, 2020. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report on pages 3 and 4.

The report is filed with this letter in our office as a matter of public record.

Handwritten signature of Tammy R. White in cursive.

Tammy R. White, CPA
Deputy State Examiner

Madison County, Indiana

Supplemental Compliance Examination Report
January 1, 2020 to December 31, 2020

Contents

Schedule of County Officials	1
Independent Accountant's Report	2
Schedule of Examination Findings and Results	
2020-001: Capital Assets	3
2020-002: Expense Testing	3-4
Exit Conference	5

Madison County, Indiana

**Schedule of County Officials
January 1, 2020 to December 31, 2020**

Office	Official	Term
Auditor	Rick Gardner	01-01-16 to 12-31-20
Treasurer	Dan Girt	01-01-19 to 12-31-22
Clerk of the Circuit Court	Olivia Pratt	01-01-19 to 12-31-22
Sheriff	Scott Mellinger	01-01-19 to 12-31-22
Recorder	Linda Smith	01-01-19 to 12-31-22
President of the Board of County Commissioners	Kelly Gaskill	01-01-19 to 12-31-22
President of the County Council	Pete Heuer	01-01-19 to 12-31-20



RSM US LLP

Independent Accountant's Report

Board of Commissioners
Madison County

We have examined Madison County's (the County) compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines* (the specified requirements) during the period January 1, 2020 to December 31, 2020. Management of the County is responsible for the County's compliance with the specified requirements. Our responsibility is to express an opinion on the County's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the County complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the County and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the County's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual for Counties* applicable to the County during the period January 1, 2020 to December 31, 2020, as described in items 2020-001 and 2020-002 on the attached Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the County complied, in all material respects, with the specific requirements during the period January 1, 2020 to December 31, 2020.

RSM US LLP

Chicago, Illinois
February 13, 2023

**Madison County, Indiana
Schedule of Examination Findings and Results
January 1, 2020 to December 31, 2020**

FINDING 2020-001: Capital Assets

Condition and Context

Capital Assets - County

There were insufficient internal controls in place to ensure the completeness and accuracy of capital asset records for governmental activities. The County did not have a system in place to ensure the completeness of the capital assets inventory, nor did the County have detailed historical asset value records and useful life information for certain assets including land and infrastructure. As a result, we were unable to audit capital assets, accumulated depreciation, and depreciation expense for the County.

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, 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 detailed 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 Cities and Towns, Chapter 1)

FINDING 2020-002: Expense Testing

Condition and Context

There were insufficient internal controls in place to ensure all expenditures were properly appropriated and followed procurement requirements. During our expenditure compliance testing and related inquiry of management, it was identified that certain legal services were initiated by the Commissioners and submitted for payment without proper appropriations established to do so. In addition, the highway department initiated the purchase of a dump truck costing roughly \$300,000 and did not first solicit bids for the purchase and did so only after the purchase was made. In both instances, the Auditor's office identified the issues prior to the disbursement of funds.

**Madison County, Indiana
Schedule of Examination Findings and Results
January 1, 2020 to December 31, 2020**

FINDING 2020-002: Expense Testing (Continued)

Criteria

Indiana Code 6-1.1-18-4 (Code) requires that unless otherwise provided, the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year.

In addition, Indiana Code 5-22-7 (Code) requires that a purchasing agent shall follow the procedure described in the Code in awarding a contract for supplies, unless another purchasing method is required or authorized by the Code.

**Madison County, Indiana
Exit Conference
January 1, 2020 to December 31, 2020**

The contents of this report were discussed on December 29, 2022, with Rick Gardner (County Auditor), John Richwine (President, County Commissioners), Todd Culp (Chief Deputy Auditor), Tammy White (SBOA Deputy State Examiner), and Daniel Hedden (Partner, Baker Tilly).