

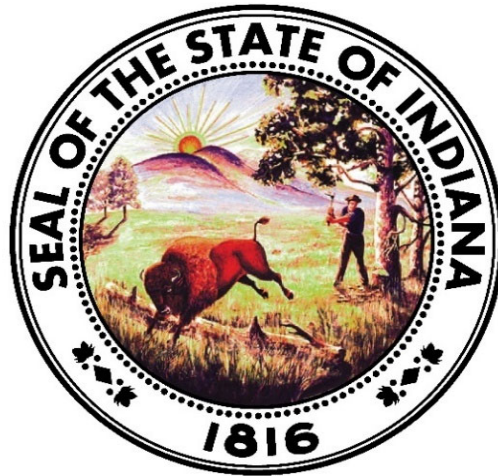
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

SUPPLEMENTAL COMPLIANCE REPORT

OF

VIGO COUNTY, INDIANA

January 1, 2021 to December 31, 2021



**FILED**  
05/05/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	James W. Bramble	01-01-21 to 12-31-23
County Treasurer	Josie Swalls Thompson	01-01-21 to 12-31-23
Clerk of the Circuit Court	Bradley M. Newman	01-01-21 to 12-31-23
County Sheriff	John A. Plasse	01-01-21 to 12-31-23
County Recorder	Diana Winstead-Smith	01-01-21 to 12-31-23
County Assessor	Kevin Gardner	01-01-21 to 12-31-23
County Surveyor	Bruce W. Allen, Jr.	01-01-21 to 12-31-23
County Prosecutor	Terry R. Modesitt	01-01-21 to 12-31-23
County Coroner	Janie Myers	01-01-21 to 12-31-23
President of the Board of County Commissioners	Ivan M. Morris Chris Switzer Mike Morris	01-01-21 to 12-31-21 01-01-22 to 12-31-22 01-01-23 to 12-31-23
President of the County Council	Aaron D. Loudermilk R. Todd Thacker	01-01-21 to 12-31-22 01-01-23 to 12-31-23



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
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TO: THE OFFICIALS OF VIGO COUNTY, INDIANA

This report is supplemental to our audit report of Vigo 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 the financial statements report of the County, which provides our opinions on the County financial statements. This report may be found at [www.in.gov/sboa/](http://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

April 28, 2023

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COUNTY AUDITOR  
VIGO COUNTY

COUNTY AUDITOR  
VIGO COUNTY  
AUDIT RESULTS AND COMMENTS

**FINANCIAL STATEMENT REPORTING ERRORS**

*Condition and Context*

The County had not designed or implemented an effective system of internal controls to ensure that all financial transactions were properly reported in the financial statements.

The financial statements presented for audit included the following errors:

1. An incorrect beginning accrual reversing journal entry was made and resulted in an overstatement in the amount of \$26,718,266 for both additions and deductions for the custodial funds.
2. The governmental activities Net Investment in Capital Assets was overstated by \$13,182,266, and the Unrestricted Net Position was understated by \$13,182,266.
3. The General Fund Cash and Cash Equivalents was overstated by \$5,000,000, and Investments was understated by \$5,000,000 due to a misclassified certificate of deposit.
4. The Discretely Presented Component Units were understated in the amounts of \$1,520,686, \$2,399,294, \$131,038, \$1,520,686, and \$2,268,256 for Taxes Receivable, Capital Assets, Payables, Deferred Inflows, and Net Position, respectively.
5. The custodial funds total Taxes Receivable was understated in the amount of \$3,575,628, the total Deferred Inflows was overstated in the amount of \$1,494,523, and the total Additions and Net Position was understated in the amount of \$5,070,151.

Adjustments were proposed, accepted by the County, and made to the financial statements and are materially correct as presented.

*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 AUDITOR  
VIGO COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

**OMISSION OF BUILDING CORPORATION ACCOUNT**

*Condition and Context*

The County had not designed or implemented a system of internal controls to ensure that all financial transactions of the Vigo County Building Corporation (Building Corporation) were properly recorded and reported to the County for inclusion in its financial statements.

In December 2019, the County issued a check in the amount of \$4,000,000 from the LIT-Special Purpose Fund 1114. This money was intended for the Building Corporation to be used for the county jail construction payments, as stated in the agreement between the County and the Building Corporation. The check was deposited into a newly created bank account erroneously established in the County's name. Proceeds from the sale of the jail project site totaling \$620,000 and fees from December 2019 to March 2020 totaling \$18,377 were also deposited into the bank account. The Building Corporation had not included the bank account nor any of the activity in its ledger. Neither the County nor the Building Corporation had ensured this information was reported on the financial statements for the County. Therefore, the following errors were noted:

1. Cash and cash equivalents were understated by \$13,182,266 for the Building Corporation Capital Project fund and governmental activities.
2. Revenues for the Building Corporation Capital Project fund and governmental activities were understated by \$10,001,555, which consisted of an additional check in the amount of \$10,000,000 paid from the County's LIT-Special Purpose Fund 1114 and \$1,555 in fees and dividends deposited into the bank account.
3. Expenditures for the Building Corporation Capital Project fund and expenses for the governmental activities were understated by \$1,458,005, which consisted of expenditures for the County jail construction in December 2021 totaling \$1,456,466 and bank fees of \$1,538.
4. The Beginning Fund Balance for the Building Corporation Capital Project fund was restated in the amount of an additional \$4,638,377 to account for the omitted activity that occurred during the 2019 and 2020 years.
5. A prior period adjustment to the Beginning Net Position for governmental activities was also made in the amount of \$4,638,377 to account for the omitted activity that occurred during the 2019 and 2020 years.

Adjustments were proposed, accepted by the County, and made to the financial statements and are materially correct as presented.

*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:

COUNTY AUDITOR  
VIGO COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

"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. . . ."

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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](#)."

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The County certified in the Annual Financial Report that required personnel had received the training over internal control standards; however, documentation could not be provided to support that the required employees had completed the training.

*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](#)."

COUNTY AUDITOR  
VIGO COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

**MONTHLY AND ANNUAL UPLOADS**

*Condition and Context*

Monthly upload requirements include bank reconcilements, bank statements, outstanding check lists, approved board minutes, funds ledger, and documentation of reconciliation of Form 61 between Auditor and Treasurer.

Annual upload requirements include the year-end bank statement, year-end outstanding check list, year-end investments, detail of receipt activity, detail of disbursement activity, current year salary ordinance, and an annual vendor history report.

The County Auditor did not comply with the State Examiner Directive and failed to upload any of the monthly or annual files on the Indiana Gateway for Government Units financial reporting system for 2021.

*Criteria*

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, please see the user guide for more information and examples
- Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund

For County Auditors:

- Approved Board Minutes, please see the user guide for more information and examples
- Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund
- Documentation of Reconciliation of Form 61 between Auditor and Treasurer . . .

The following files and governmental unit information are required to be uploaded annually (for Counties, these apply to County Auditors unless otherwise noted): . . .

- Detail of Receipts for the year
- Detail of Disbursements for the year
- Current year Salary Ordinance (or Schedule) and Amendments (except Schools)
- Annual Vendor History Report
- Annual Payroll History Report, without social security numbers
- Annual Funds Ledger, summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund . . .
- Optional: Excel Data Capture/Data Dump (in lieu of Detail of Receipts and Disbursements)

In addition to the monthly and annual files, additional records, known as Direct Request Uploads, must be uploaded when required by the SBOA. . . .

(Amended State Examiner Directive 2018-1)

COUNTY AUDITOR  
VIGO COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

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 AUDITOR  
VIGO COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on April 28, 2023, with James W. Bramble, County Auditor; Chris Switzer, County Commissioner; Cheryl Loudermilk, Deputy County Auditor; and R. Todd Thacker, President of the County Council.

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BOARD OF COUNTY COMMISSIONERS  
VIGO COUNTY

BOARD OF COUNTY COMMISSIONERS  
VIGO COUNTY  
AUDIT RESULT AND COMMENT

***TRAINING ON INTERNAL CONTROL STANDARDS***

*Condition and Context*

The County did not ensure that all applicable personnel had received training concerning the internal control standards. Documentation of which personnel that received the internal control training was not presented for audit.

*Criteria*

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

BOARD COUNTY COMMISSIONERS  
VIGO COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on April 28, 2023, with James W. Bramble, County Auditor; Chris Switzer, County Commissioner; Cheryl Loudermilk, Deputy County Auditor; and R. Todd Thacker, President of the County Council.