

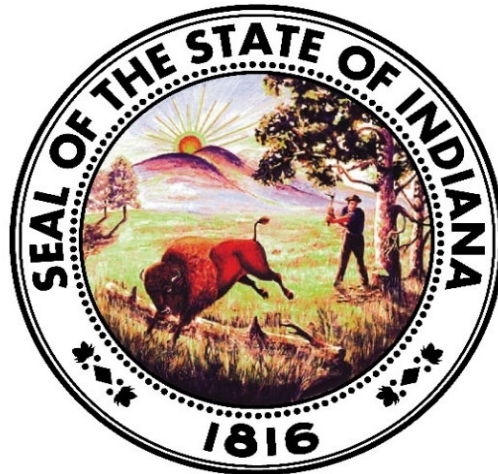
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

SUPPLEMENTAL COMPLIANCE REPORT

OF

WHITLEY COUNTY, INDIANA

January 1, 2022 to December 31, 2022



**FILED**

06/02/2023



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Tiffany Deakins	01-01-22 to 12-31-23
County Treasurer	Kay Gatton	01-01-22 to 12-31-23
Clerk of the Circuit Court	Cindy Doolittle	01-01-22 to 12-31-23
County Sheriff	Marcus E. Gatton Jason Spencer	01-01-22 to 12-31-22 01-01-23 to 12-31-23
County Recorder	Rosemary Brown	01-01-22 to 12-31-23
President of the Board of County Commissioners	Chad Banks	01-01-22 to 12-31-23
President of the County Council	Timothy Kumfer James Argerbright	01-01-22 to 12-31-22 01-01-23 to 12-31-23



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF WHITLEY COUNTY, INDIANA

This report is supplemental to our audit report of Whitley County (County), for the period from January 1, 2022 to December 31, 2022. 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/](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

May 4, 2023

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COUNTY AUDITOR  
WHITLEY COUNTY

COUNTY AUDITOR  
WHITLEY COUNTY  
AUDIT RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

The County failed to properly review the federal grant information prepared and submitted in the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's Schedule of Expenditures of Federal Awards (SEFA). Although the County Auditor generated fund ledgers and details of receipts from the system for preparation of the report and entered the federal award information into Gateway, and the Deputy County Auditor reviewed and approved the information entered, the internal controls were not effective and did not detect and allow correction of errors prior to submission.

Due to the lack of effective internal controls, the SEFA presented for audit included the following errors:

1. COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program amounts passed to subrecipients was understated by \$309,567.
2. The Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs expenditures were overstated by \$53,916.
3. Other grants had individually immaterial errors or omissions that resulted in misstatements of expenditures of \$76,735, in total.
4. Other errors included incorrect program names and pass-through entities.

*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  
WHITLEY 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. . . ."

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](#)."

## **CAPITAL ASSETS**

### *Condition and Context*

Three assets out of fifteen asset additions tested were overstated by \$43,426, in total, on the Capital Asset Listing.

### *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 County Auditors of Indiana, Chapter 1)

COUNTY AUDITOR  
WHITLEY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on May 4, 2023, with Tiffany Deakins, County Auditor; Tamela Hamilton-Tincher, Deputy County Auditor; Theresa Baysinger, Vice President of the Board of County Commissioners; and James Argerbright, President of the County Council.