

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

LAWRENCE COUNTY, INDIANA

January 1, 2022 to December 31, 2022



**FILED**

06/09/2023



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## SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Jessica Staggs	01-01-22 to 12-31-23
County Treasurer	Jody Edwards	01-01-22 to 12-31-23
Clerk of the Circuit Court	Billie Turney Amy Voorhies (interim) Amy Voorhies	01-01-22 to 02-10-23 02-11-23 to 02-15-23 02-16-23 to 12-31-23
County Sheriff	Michael Branham Greg Day	01-01-22 to 12-31-22 01-01-23 to 12-31-23
County Recorder	Myron D. Rainey (Vacant) Jessica Allen	01-01-22 to 05-31-22 06-01-22 to 07-22-22 07-23-22 to 12-31-23
President of the Board of County Commissioners	Rodney Fish Dustin Gabhart	01-01-22 to 12-31-22 01-01-23 to 12-31-23
President of the County Council	Scott Smith Jeff Lytton	01-01-22 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

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TO: THE OFFICIALS OF LAWRENCE COUNTY, INDIANA

This report is supplemental to our audit report of Lawrence 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 9, 2023

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COUNTY AUDITOR  
LAWRENCE COUNTY

COUNTY AUDITOR  
LAWRENCE COUNTY  
AUDIT RESULT AND COMMENT

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

The County had not established effective internal controls over the federal award information submitted as part of the Annual Financial Report (AFR) via 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).

The County failed to properly review the federal grant information prepared and submitted as part of the AFR. Although one employee prepared and entered the federal award information into the AFR and another employee reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

Due to the lack of effective internal controls, the grant information submitted was incorrect and did not agree with the County's records. The following errors were identified with the information reported:

1. The Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii was omitted, which understated expenditures by \$600,000. Additionally, the monies were not identified as passed through to subrecipients.
2. The Crime Victim Assistance expenditures were understated by \$207,766.
3. Seven grants had individually immaterial errors that resulted in misstatements of expenditures of \$106,065, in total.
4. Other errors included incorrect program names, pass-through entities, and identifying numbers.

Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in the Federal Compliance Audit Report.

COUNTY AUDITOR  
LAWRENCE COUNTY  
AUDIT RESULT AND COMMENT  
(Continued)

*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. . . ."

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  
LAWRENCE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on May 9, 2023, with Jessica Staggs, County Auditor; Greg Day, County Sheriff; Marsha Pfeiffer, First Deputy County Auditor; Martha Turner, Bookkeeper; Dustin Gabhart, President of the Board of County Commissioners; Rodney Fish, County Commissioner; Wallace Branham, County Commissioner; Jeff Lytton, President of the County Council; Rick Butterfield, County Council member; Janie Craig Chenault, County Council member; and Julie Hewetson, County Council member.

COUNTY SHERIFF  
LAWRENCE COUNTY

COUNTY SHERIFF  
LAWRENCE COUNTY  
AUDIT RESULT AND COMMENT

**CONDITION OF RECORDS - SHERIFF INMATE TRUST FUND**

*Condition and Context*

The County Sheriff had not established effective internal controls over the Supplemental Annual Financial Report submitted to the County Auditor or the monthly bank reconciliements in order to detect and correct errors in a timely manner.

The following deficiencies were noted for the Sheriff Inmate Trust fund:

1. The Supplemental Annual Financial Report was submitted to the County Auditor. The supplemental information provided by the County Sheriff did not agree with the records, either mathematically or substantively. As a result, the entered beginning balance was overstated \$21,116, and receipts, disbursements, and ending balances in the Indiana Gateway for Government Units financial reporting system were understated by \$175,492, \$11,129, and \$143,247, respectively.
2. Bank reconciliements were not properly performed during the audit period. Outstanding checks were not cleared and accounted for properly.

Audit adjustments were proposed, accepted by the County, and made to the financial statement presented in the Financial Statement Audit Report.

*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 SHERIFF  
LAWRENCE COUNTY  
AUDIT RESULT AND COMMENT  
(Continued)

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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)

COUNTY SHERIFF  
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EXIT CONFERENCE

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