

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

DAVISS COUNTY, INDIANA

January 1, 2022 to December 31, 2022



**FILED**

06/13/2023



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Patricia K. Ball Jennifer Welsh	01-01-22 to 07-15-22 07-16-22 to 12-31-23
County Treasurer	Jamie Chapman	01-01-22 to 12-31-23
Clerk of the Circuit Court	Janice Williams Lauren Milton	01-01-22 to 12-31-22 01-01-23 to 12-31-23
County Sheriff	Gary Allison	01-01-22 to 12-31-23
County Recorder	Rosetta Newton	01-01-22 to 12-31-23
President of the Board of County Commissioners	C. Michael Taylor Nathan Gabhart	01-01-22 to 12-31-22 01-01-23 to 12-31-23
President of the County Council	Matt Meredith Tony Duncheon	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 DAVIESS COUNTY, INDIANA

This report is supplemental to our audit report of Daviess 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 10, 2023

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COUNTY AUDITOR  
DAVISS COUNTY

COUNTY AUDITOR  
DAVIESS COUNTY  
AUDIT RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT - OTHER INFORMATION**

*Condition and Context*

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The County had not established effective internal controls over the AFR information entered into Gateway, which resulted in the following errors to the grant schedule:

1. The Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii was omitted, which understated expenditures by \$142,854.
2. The Outdoor Recreation Acquisition, Development and Planning expenditures were overstated by \$67,842.
3. The Airport Improvement Program, COVID-19 - Airports Programs, and Infrastructure Investment and Jobs Act expenditures were overstated by \$77,000.
4. Three additional immaterial grants were omitted, which understated expenditures by \$109,393.
5. Five additional grants had individually immaterial errors that resulted in a combined misstatement of \$90,072.
6. Other errors identified included incorrect or omitted program names, pass-through entities, assistance listings numbers, and identifying numbers.

Adjustments were proposed, accepted by the County, and made to the Schedule of Expenditures of Federal Awards presented in the Federal Compliance 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:

"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.

COUNTY AUDITOR  
DAVISS COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

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](#)."

***DISBURSEMENT ACTIVITY FROM RESTRICTED MVH FUND***

This same comment appeared in a Management Letter addressed to the County Auditor of Daviess County for the audit period ending December 31, 2021.

*Condition and Context*

Of the 10 Restricted MVH fund disbursements tested, 8 were for activities not specifically related to construction, reconstruction, or preservation of the County's highways. The disbursements not in compliance included bulk material purchases for non-specified future projects.

*Criteria*

Indiana Code 8-14-1-4(b) states "For funds distributed to a county from the motor vehicle highway account, the county shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the county's highways."

COUNTY AUDITOR  
DAVISS COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on May 10, 2023, with Jennifer Welsh, County Auditor; Patricia K. Ball, former County Auditor; Nathan Gabhart, President of the Board of County Commissioners; Matt Meredith, former President of the County Council and County Council member; Tony Duncheon, President of the County Council; and Marilyn McCullough, County Council member.

COUNTY HIGHWAY DEPARTMENT  
DAVISS COUNTY

COUNTY HIGHWAY DEPARTMENT  
DAVISS COUNTY  
AUDIT RESULT AND COMMENT

***DISBURSEMENT ACTIVITY FROM RESTRICTED MVH FUND***

This same comment appeared in a Management Letter addressed to the Officials of the County Highway Department of Daviess County for the audit period ending December 31, 2021.

*Condition and Context*

Of the 10 Restricted MVH fund disbursements tested, 8 were for activities not specifically related to construction, reconstruction, or preservation of the County's highways. The disbursements not in compliance included bulk material purchases for non-specified future projects.

*Criteria*

Indiana Code 8-14-1-4(b) states "For funds distributed to a county from the motor vehicle highway account, the county shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the county's highways."

COUNTY HIGHWAY DEPARTMENT  
DAVISS COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on May 10, 2023, with Chris Winkler, Highway Department Supervisor; Jennifer Welsh, County Auditor; Patricia K. Ball, former County Auditor; Nathan Gabhart, President of the Board of County Commissioners; Matt Meredith, former President of the County Council and County Council member; Tony Duncheon, President of the County Council; and Marilyn McCullough, County Council member.