

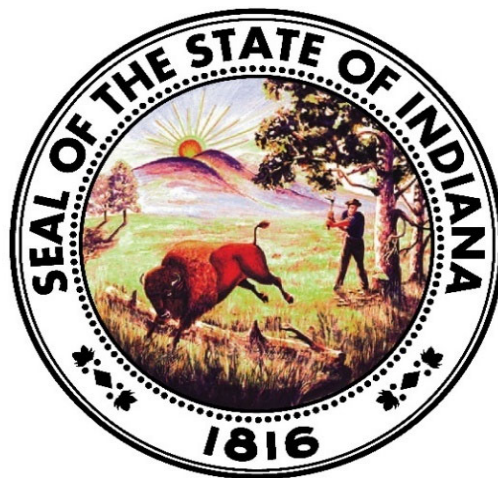
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

SUPPLEMENTAL COMPLIANCE REPORT

OF

GRANT COUNTY, INDIANA

January 1, 2022 to December 31, 2022



FILED

06/20/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	James E. McWhirt Angela Jarvis	01-01-22 to 12-31-22 01-01-23 to 12-31-23
County Treasurer	Tiffany N. Griffith	01-01-22 to 12-31-23
Clerk of the Circuit Court	Pamela K. Harris	01-01-22 to 12-31-23
County Sheriff	Reggial E. Nevels, Sr. Delmiro Garcia	01-01-22 to 12-31-22 01-01-23 to 12-31-23
County Recorder	Kathy Foy	01-01-22 to 12-31-23
President of the Board of County Commissioners	Mark Bardsley	01-01-22 to 12-31-23
President of the County Council	Shane Middlesworth	01-01-22 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF GRANT COUNTY, INDIANA

This report is supplemental to the audit report of Grant 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 the 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/.

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

June 5, 2023

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COUNTY TREASURER
GRANT COUNTY

COUNTY TREASURER
GRANT COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER CASH

The same comment also appeared in prior Reports B57441, entitled *INTERNAL CONTROLS OVER CASH AND RECEIPTS*; and B60253, entitled *INTERNAL CONTROLS OVER CASH*.

Condition and Context

Adequate internal controls were not in place over cash of the County Treasurer's office.

A review process was in place for the bank reconcilements; however, it was not effective. Bank reconcilements were performed monthly, but contained numerous errors, and the reconcilements did not reconcile to the County Auditor's Fund Ledger.

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. . . ."

BANK ACCOUNT RECONCILIATIONS

A similar comment also appeared in prior Reports B55876, entitled *BANK ACCOUNT RECONCILIATIONS AND MONTHLY FINANCIAL REPORTS*; B57441 and B60253, entitled *BANK ACCOUNT RECONCILIATIONS*.

COUNTY TREASURER
GRANT COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Condition and Context

Depository reconciliations of the fund balances to the bank account balances were attempted, but were not considered complete for any month during the audit period because each monthly reconciliation contained unidentified reconciling items.

Additional work performed by the Indiana State Board of Accounts indicated monthly unidentified reconciling items ranged in amounts from \$377,387 cash long to \$280,051 cash short. On December 31, 2022, the difference between the adjusted bank balance and the County Auditor's Fund Ledger was a cash short in the amount of \$151,451.

Criteria

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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 County Treasurers of Indiana, Chapter 1)

TIMELY RECORDING

Condition and Context

The Motor Vehicle Excise Tax Replacement distribution from the State of Indiana for May in the amount of \$136,617 was not recorded in the County Treasurer's Cash book in 2022.

Criteria

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 51-15-1-1.

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 County Treasurers of Indiana, Chapter 1)

Tiffany N. Griffith
Grant County Treasurer
Grant County Complex
401 South Adams Street, Suite 229

Marion, IN 46953

Phone: 765-668-6556

E-mail: treasurer@grantcounty.net

OFFICIAL RESPONSE

Date: June 15, 2023

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

Re: Official Response to Audit - 2022

Please accept this correspondence as my official response to the Audit Results and Comments included in the audit for the year ending December 31, 2022.

As Treasurer, I concur with the Audit Results and Comments included in this report. I fully accept the responsibilities of my office. We have identified weaknesses and continue to be diligent in finding resolutions within our procedures that are effective and efficient.

When I came into the treasurer's office, winning the caucus in 2018- I walked into an office full of internal control issues, several posting error issues, untimely record keeping, unbalanced accounts, inefficient collection cycles, outstanding warrants, unclear procedures and policies, and several reconciliation inconsistencies stemming back as far as 2009.

Since my time as the elected official, it has been my mission to clean up these issues and many more throughout the office.

My first initiative was to make certain that monthly financial reports were submitted on time. This goal was accomplished by using new financial software in place for both the auditor and treasurer's office. This offered a more transparent resolution so that each office had the capabilities to verify the information that was being provided to each side. This new software has been a valuable asset for both offices. More so, the treasurer's office, as this software allowed daily reconciliation of the funds ledger to the cashbook. The daily reconciliation of funds has allowed us to find posting errors as they happen, instead of waiting until months end, like we had to do with the previous financial software. Since 2018, the treasurer's office has been balanced daily to the funds ledger versus the cashbook and has submitted all monthly treasurer reports by the deadline.

The next goal was to clean up the outstanding warrants list. This was a complex task that was tedious and time consuming for not only the treasurer's office but the auditor's office, as well as the banking institution. With the help of each entity, we have been able to keep up a current list of outstanding warrants and get all stale warrants paid back into the general fund by the deadline of each new year.

Noticing inefficiencies in the treasurer's office and lack of posted policies or procedures specific to the department, I worked alongside staff, state board of accounts, and other treasurer's offices in the state to implement a policy and procedure guide that could help deter risk and increase staff productivity resulting in accurate and efficient reporting. Bi-annual performance evaluations were introduced in the office and among each team member. This resulted in the understanding of work performance among the staff, continued education for every team member, additional training with tools and resources to better understand each position, one on one constructive communication, and a level of understanding about how the job functions correlated to the growth and improvement of the overall success of the office.

Accounting for the inconsistencies in the unbalanced main operating account has been the most challenging task at hand. A task that has resulted in multiple entities and individuals having had their hand in overseeing the cashbook and the bank reconciliation. Year after year, it has been a struggle to get to an accurate variance on the bank reconciliation to balance back to due to the unknown reconciling items. State Board of Accounts felt at the end of the 2021 audit that they had reached a close enough variance to move forward with a complete balanced account. Even the reporting at the end of December 2021 that the State Board of Accounts created showing a completely balanced ledger, their reporting was missing a few reconciling items that were considered timing issues and therefore, should have been reported on the bank reconciliation. I respect the work that their field auditors have put in over the last decade and more trying to correct several years' worth of errors. However, this goes to show that human errors occur, even at the level of the State Board of Accounts, and that errors like these are what has been neglected for years. Since 2018, I have balanced all accounts to the penny outside of the main operating account. Again, due to the havoc in the operating account from several years' worth of erroneous data entry, unknown variances, unbalanced funds, and negligence of resolving variances, led to a crippled reporting of the operating account. With no clear direction on how to move forward, variances remained in the operating account for each month of 2022. All the while, the other accounts held by the treasurer's office were maintained at a completely balanced status, reporting deadlines were met each month, and office operations were maintained at a level of high efficiency.

After consultation with the field auditor that went over the information that would be shared at the exit conference, a discussion was had to help align the focus of being able to balance the operating account sans large variances. After that discussion, I went back over several other identifying factors that play a role in resolving variances. With this information, I was able to resolve large variances and provide reconciliation. This information was shared at the exit conference with the State Board of Accounts auditors, at which time, I expressed that even though 2022 was being signed off and moved on, that I would be going back over 2022 to reconcile the variances to a better degree of understanding.

I am not an individual who sweeps the errors or inaccuracies under the rug and leaves the mess for someone else to clean up. My team and I have made huge, unwavering steps in cleaning up the treasurer's office and moving it forward in the right direction. This can be proven repeatedly, reflected on the audits year after year. Every year since 2018, there have been major improvements which can be viewed through the prior-year's audit results.

I continue to be fully committed to fulfilling the responsibilities of the Grant County Treasurer in the prescribed manner.

Thank you,



Tiffany N. Griffith
Grant County Treasurer

COUNTY TREASURER
GRANT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 5, 2023, with Tiffany N. Griffith, County Treasurer; Mark Bardsley, President of the Board of County Commissioners; and Steve Wright, County Commissioner.

COUNTY SHERIFF
GRANT COUNTY

COUNTY SHERIFF
GRANT COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS - SHERIFF INMATE TRUST AND SHERIFF COMMISSARY

The same comment also appeared in prior Reports B55876, B57441, and B60253.

Condition and Context

Internal controls over the cash and reporting of the financial transactions of the Sheriff Inmate Trust and the Sheriff Commissary funds were deficient. As a result of the internal control deficiencies, errors remained undetected.

Cash

Internal controls over cash for the Sheriff Inmate Trust were in place; however, the internal controls were not effective for the Sheriff Inmate Trust.

Financial Close and Reporting

Internal controls over the Supplemental Annual Financial Report for the Sheriff Commissary and the Sheriff Inmate Trust were not in place.

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 SHERIFF
GRANT 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. . . ."

CONDITION OF RECORDS - SHERIFF INMATE TRUST

A similar comment also appeared in the prior Reports B55876 and B57441, entitled *CONDITION OF RECORDS*; and B60253, entitled *CONDITION OF RECORDS - SHERIFF INMATE TRUST*.

Condition and Context

The December 31, 2022 cash balance for the Sheriff Inmate Trust did not agree among the records maintained by the County Sheriff. The Supplemental Annual Financial Report provided to the County Auditor by the County Sheriff, the CAR1 report generated by the County Sheriff's accounting software system, the Cash Book Bank Statement Reconciliation report, and the Account Balances report, reported cash balances of \$92,294, \$90,253, \$83,883, and \$19,918, respectively. Each of these reports should report the same cash balance as of the same date.

Criteria

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
GRANT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 5, 2023, with Delmiro Garcia, County Sheriff; Rogina Banks, County Sheriff Matron; Valisha K. Cragun, Intelligence Analyst; Mark Bardsley, President of the Board of County Commissioners; and Steve Wright, County Commissioner.

CLERK OF THE CIRCUIT COURT
GRANT COUNTY

CLERK OF THE CIRCUIT COURT
GRANT COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

The same comment also appeared in prior Reports B57441 and B60253.

Condition and Context

Internal controls over the reconciling and reporting of the financial transactions of the Clerk of the Circuit Court (Clerk) funds were deficient. As a result of the internal control deficiencies, errors could have occurred and remained undetected.

Cash

Bank reconciliations were performed monthly by the First Deputy Bookkeeper. The reconciliation was not reviewed by the Clerk or someone other than the preparer.

Financial Close and Reporting

The Supplemental Annual Financial Report (SAFR) was prepared by the First Deputy Bookkeeper. A stamp of the Clerk's signature was provided on the SAFR; however, the signature was stamped by the same employee who completed the SAFR. The SAFR was not reviewed by the Clerk or someone other than the preparer.

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:

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CLERK OF THE CIRCUIT COURT
GRANT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 5, 2023, with Pamela K. Harris, Clerk of the Circuit Court; Mark Bardsley, President of the Board of County Commissioners; and Steve Wright, County Commissioner.