

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

HOWARD COUNTY, INDIANA

January 1, 2022 to December 31, 2022



FILED

07/03/2023

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
County Auditor:	
Audit Results and Comments:	
Timely Recording	6
Capital Assets	6
Federal Compliance Requirements - Building Disposition.....	7
Official Response.....	8
Exit Conference	9
Clerk of the Circuit Court:	
Audit Result and Comment:	
State Dated Outstanding Checks (Warrants).....	12
Exit Conference	13

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Jessica Secrease	01-01-22 to 12-31-23
County Treasurer	Christie Branch	01-01-22 to 12-31-23
Clerk of the Circuit Court	Debbie Stewart	01-01-22 to 12-31-23
County Sheriff	Jerry Asher	01-01-22 to 12-31-23
County Recorder	Jennifer Jack Torie Kelley	01-01-22 to 12-31-22 01-01-23 to 12-31-23
President of the Board of County Commissioners	Paul Wyman Brad Bray	01-01-22 to 12-31-22 01-01-23 to 12-31-23
President of the County Council	Jamie Bolser (Vacant) Martha Lake John Roberts	01-01-22 to 07-26-22 07-27-22 to 08-22-22 08-23-22 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
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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TO: THE OFFICIALS OF HOWARD COUNTY, INDIANA

This report is supplemental to the audit report of Howard 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 opinion 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 14, 2023

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COUNTY AUDITOR
HOWARD COUNTY

COUNTY AUDITOR
HOWARD COUNTY
AUDIT RESULTS AND COMMENTS

TIMELY RECORDING

Condition and Context

Some state distributions were not receipted into the financial records in a timely manner.

1. Eight state distributions were recorded 30 to 62 days after electronic deposit.
2. Nine state distributions were recorded 8 to 29 days after electronic deposit.
3. Forty-two state distributions were recorded 3 to 7 days after electronic deposit.

Criteria

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)

CAPITAL ASSETS

Condition and Context

The County did not record all asset addition and disposal transactions in its capital asset ledger during the audit period:

1. Land and a building that were purchased in 2021 and disposed of in 2022 were never recorded in the capital asset ledger.
2. Previously acquired land that was disposed of in 2022 was never recorded in capital asset ledger.
3. A vehicle disposed in 2022 was not removed from the capital asset ledger.
4. Sound equipment, a camera system, and an air compressor purchased in 2022 were not added to the capital asset ledger.

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 Counties of Indiana, Chapter 1)

COUNTY AUDITOR
HOWARD COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

FEDERAL COMPLIANCE REQUIREMENTS - BUILDING DISPOSITION

Condition and Context

The County disposed of a building in 2022 that was purchased with federal grant funds in 2021. The County had an agreement to sell the building to a non-profit organization for \$200,000. The County did not follow the agreement. Instead, the building was given to the non-profit organization. The County also did not follow the guidelines of the federal awarding agency for the disposition of real property.

Criteria

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)

2 CFR 200.311 states in part:

". . . (c) *Disposition*. When real property is no longer needed for the originally authorized purpose, the non-Federal entity must obtain disposition instructions from the Federal awarding agency or pass-through entity. The instructions must provide for one of the following alternatives:

- (1) Retain title after compensating the Federal awarding agency. The amount paid to the Federal awarding agency will be computed by applying the Federal awarding agency's percentage of participation in the cost of the original purchase (and costs of any improvements) to the fair market value of the property. However, in those situations where the non-Federal entity is disposing of real property acquired or improved with a Federal award and acquiring replacement real property under the same Federal award, the net proceeds from the disposition may be used as an offset to the cost of the replacement property.
- (2) Sell the property and compensate the Federal awarding agency. The amount due to the Federal awarding agency will be calculated by applying the Federal awarding agency's percentage of participation in the cost of the original purchase (and cost of any improvements) to the proceeds of the sale after deduction of any actual and reasonable selling and fixing-up expenses. If the Federal award has not been closed out, the net proceeds from sale may be offset against the original cost of the property. When the non-Federal entity is directed to sell property, sales procedures must be followed that provide for competition to the extent practicable and result in the highest possible return.
- (3) Transfer title to the Federal awarding agency or to a third party designated/approved by the Federal awarding agency. The non-Federal entity is entitled to be paid an amount calculated by applying the non-Federal entity's percentage of participation in the purchase of the real property (and cost of any improvements) to the current fair market value of the property."

**Jessica Secrease
Auditor**

**Gabrielle Dupuy
Chief Deputy**



**Howard County Auditor
Administration Center
220 N. Main St., Rm. 222
Kokomo, IN 46901
Phone (765) 456-2215**

OFFICIAL RESPONSE

Date: June 15, 2023

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

Re: Timely Recording Comment

A majority of the state distributions listed in the audit report were not recorded timely due to a procedural issue. Prior to this finding, the Auditor's Office waited for both the State EFT for innkeeper's tax as well as the Treasurer's Office to provide additional innkeeper's tax amounts paid by Howard County hotels. Typically, these amounts were received approximately a month apart, resulting in an untimely recording of the EFT. We have reevaluated and revised this process so that the EFT and additional amount provided by the Treasurer's Office are receipted in separately. Going forward, all innkeeper's tax EFTs will be recorded promptly.

Jessica Secrease
Howard County Auditor

COUNTY AUDITOR
HOWARD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 14, 2023, with Jessica Secrease, County Auditor; John Roberts, President of the County Council; Brad Bray, President of the Board of County Commissioners; Martha Lake, County Council member; Jack Dodd, County Commissioner; Alan Wilson, County Attorney; and Gabrielle Dupuy, Chief Deputy County Auditor.

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CLERK OF THE CIRCUIT COURT
HOWARD COUNTY

CLERK OF THE CIRCUIT COURT
HOWARD COUNTY
AUDIT RESULT AND COMMENT

STALE DATED OUTSTANDING CHECKS (WARRANTS)

Condition and Context

The Clerk of the Circuit Court (Clerk) did not void old outstanding checks included on the outstanding check list used for reconciling the depository to the Clerk's Trust records in a timely manner. There were 436 checks dated from February 1, 2014 to December 31, 2019, totaling \$67,231, that were still on the December 31, 2022 bank reconciliation.

The Clerk did not void old outstanding checks from the ISETS bank account in a timely manner. There were 51 checks dated from January 1, 2019 to December 31, 2019, totaling \$1,789, that were still on the December 31, 2022 bank reconciliation.

Criteria

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void. . . ."

Indiana Code 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the:

- (1) board of finance of the political subdivision; or
- (2) fiscal body of a city or town.

The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5 states in part:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision. . . ."

CLERK OF THE CIRCUIT COURT
HOWARD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 14, 2023, with Jessica Secrease, County Auditor; Debbie Stewart, Clerk of the Circuit Court; John Roberts, President of the County Council; Brad Bray, President of the Board of County Commissioners; Martha Lake, County Council member; Jack Dodd, County Commissioner; Alan Wilson, County Attorney; and Gabrielle Dupuy, Chief Deputy County Auditor.