

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

RUSH COUNTY, INDIANA

January 1, 2022 to December 31, 2022



FILED
07/05/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Tammy Justice	01-01-22 to 12-31-23
County Treasurer	Jodi Harr	01-01-22 to 12-31-23
Clerk of the Circuit Court	Angela Buckley	01-01-22 to 12-31-23
County Sheriff	Allan Rice	01-01-22 to 12-31-23
County Recorder	Kevin Spilman Debbie Richardson	01-01-22 to 12-31-22 01-01-23 to 12-31-23
President of the Board of County Commissioners	Mark Bacon	01-01-22 to 12-31-23
President of the County Council	Charles A. Smith	01-01-22 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF RUSH COUNTY, INDIANA

This report is supplemental to the audit report of Rush 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 Result and Comment 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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

June 15, 2023

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COUNTY AUDITOR
RUSH COUNTY

COUNTY AUDITOR
RUSH COUNTY
AUDIT RESULT AND COMMENT

ANNUAL FINANCIAL REPORT

A similar comment appeared in prior Report B60314, entitled *ANNUAL FINANCIAL REPORT*.

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 established internal controls over the financial and other information entered into the AFR; however, the internal controls were not effective. As a result, the following errors were noted:

1. The debt information reported in the AFR was not accurate. The Owen I. Carr/Omer Stanley Drain loan was not reported in the AFR resulting in the Ending Principal Balance and the Principal and Interest Due Within One Year to be understated by \$245,920 and \$68,914, respectively.

Audit adjustments were proposed, accepted by the County, and made to the Schedule of Leases and Debt presented as Other Information.

2. The grant information reported in the AFR contained the following errors:
 - a. The Highway Planning and Construction Cluster expenditures were overstated by \$202,265.
 - b. Additional grants had individually immaterial errors that resulted in misstatements of grant expenditures of \$114,042, in total, and misstatements of the amount passed through to subrecipients of \$110,799, in total.

Audit adjustments were proposed, accepted by the County, and made to the Schedule of Expenditures of Federal Awards.

COUNTY AUDITOR
RUSH 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 tolls established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities 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 processed, 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 no 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
RUSH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 15, 2023, with Tammy Justice, County Auditor; Charles A. Smith, President of the County Council; Mark Bacon, President of the Board of County Commissioners; Carl Harcourt, County Council member; Kyle Gardner, County Council member; Amy Grocox, County Council member; and Janet Kile, County Council member.