

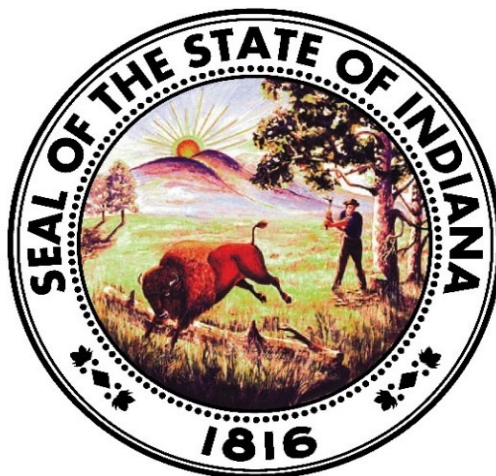
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

SUPPLEMENTAL COMPLIANCE REPORT

OF

WAYNE COUNTY, INDIANA

January 1, 2022 to December 31, 2022



**FILED**  
07/05/2023



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
County Auditor:	
Audit Results and Comments:	
Internal Controls over Financial Close and Reporting .....	6
Annual Financial Report - Other Information and Required Supplementary Information .....	6-7
Overdrawn Cash Balances .....	8
Exit Conference .....	9

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Kimberly A. Walton Mark Hoelscher	01-01-22 to 12-31-22 01-01-23 to 12-31-23
County Treasurer	Nancy Funk	01-01-22 to 12-31-23
Clerk of the Circuit Court	Debra Berry	01-01-22 to 12-31-23
County Sheriff	Randy Retter	01-01-22 to 12-31-23
County Recorder	Debby Resh	01-01-22 to 12-31-23
President of the Board of County Commissioners	Kenneth E. Paust Jeff Plasterer	01-01-22 to 12-31-22 01-01-23 to 12-31-23
President of the County Council	Beth Leisure	01-01-22 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

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF WAYNE COUNTY, INDIANA

This report is supplemental to the audit report of Wayne 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/](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

June 12, 2023

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COUNTY AUDITOR  
WAYNE COUNTY

COUNTY AUDITOR  
WAYNE COUNTY  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS OVER FINANCIAL CLOSE AND REPORTING**

*Condition and Context*

The County did not have a proper system of internal controls in place to prevent, or detect and correct, errors in the financial information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the Annual Financial Report and the financial statement. The Deputy County Auditor uploaded the required information without a documented oversight or review process 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.

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. . . ."

**ANNUAL FINANCIAL REPORT - OTHER INFORMATION AND  
REQUIRED SUPPLEMENTARY INFORMATION**

A similar comment also appeared in prior Report B59605, entitled *REPORTING ERRORS - OTHER INFORMATION*.

*Condition and Context*

Financial, supplementary, 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 accounts receivable and accounts payable information entered into Gateway contained the following errors:

1. Accounts Receivable were reported as \$0.
2. Accounts Payable were reported as \$0.

The differences have not been determined, but are presumed to be material. The County has opted to not report accounts receivable or payable information.

COUNTY AUDITOR  
WAYNE COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

Beginning cash and investments balances, receipts, and disbursements entered into Gateway contained the following errors:

1. Beginning cash and investments balances were understated by \$63,025.
2. Receipts were understated by \$246,795.
3. Disbursements were understated by \$355,057.
4. The Sheriff Inmate Trust Fund beginning balance was overstated by \$42,764 compared to the prior ending balance. The amount was trivial; therefore, no adjustment was made to the beginning balance for the Sheriff Inmate Trust Fund.

Adjustments were proposed, approved by the County Auditor, and made to the financial statement, except for the Sheriff Inmate Trust Fund, which was determined to be trivial.

The Grant Schedule entered annually into the AFR via the Gateway, which was the source of the Schedule of Expenditures of Federal Awards (SEFA), contained the following errors:

1. The Highway Planning and Construction Cluster expenditures were understated by \$513,061.
2. The COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) expenditures were understated by \$324,486.
3. The Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response expenditures were understated by \$380,000.
4. The Child Support Enforcement expenditures were understated by \$521,616.
5. Not all program names or identifying numbers were correctly reported.

Adjustments were proposed, approved by the County, and made to the SEFA.

*Criteria*

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  
WAYNE COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

**OVERDRAWN CASH BALANCES**

A similar comment appeared in a Management Letter addressed to the County Auditor for the audit period ending December 31, 2021.

*Condition and Context*

The financial statement presented for audit included a negative balance in the following funds due to disbursements in excess of receipts:

<u>Fund</u>	<u>Amount Overdrawn</u>
MVH Restricted	\$ (796,315)
Victim Assist Coord Grant	(229,738)
4-D Court -Fund	(134,818)

*Criteria*

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY AUDITOR  
WAYNE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on June 12, 2023, with Mark Hoelscher, County Auditor; Deborah York, Chief Deputy County Auditor; Beth Leisure, President of the County Council; Gary Saunders, County Council member; Max Smith, County Council member; Cathy Williams, County Council member; Jeff Plasterer, President of the Board of County Commissioners; and Mary Anne Butters, County Commissioner.