

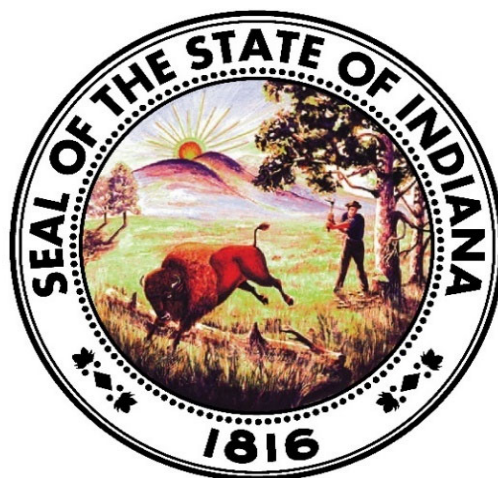
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

SUPPLEMENTAL COMPLIANCE REPORT

OF

PERRY COUNTY, INDIANA

January 1, 2021 to December 31, 2022



FILED

12/14/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Pamela L. Goffinet Kristinia Hammack	01-01-21 to 12-31-22 01-01-23 to 12-31-23
County Treasurer	Amanda F. Lasher	01-01-21 to 12-31-23
Clerk of the Circuit Court	Rachel K. Roark	01-01-21 to 12-31-23
County Sheriff	Alan D. Malone	01-01-21 to 12-31-23
County Recorder	Jane James	01-01-21 to 12-31-23
President of the Board of County Commissioners	Thomas J. Hauser Randall Cole	01-01-21 to 12-31-22 01-01-23 to 12-31-23
President of the County Council	Luke Thomas David A. Etienne	01-01-21 to 12-31-21 01-01-22 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF PERRY COUNTY, INDIANA

This report is supplemental to the audit report of Perry County (County), for the period from January 1, 2021 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

December 7, 2023

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COUNTY AUDITOR
PERRY COUNTY

COUNTY AUDITOR
PERRY COUNTY
AUDIT RESULTS AND COMMENTS

TIMELY RECORDING

Condition and Context

Several state distribution receipts were not recorded in the financial records in a timely manner.

For 2021, fifteen state distributions were not recorded in the financial records in a timely manner:

1. Eleven state distributions totaling \$452,030 were recorded 10 to 30 days late.
2. Three state distributions totaling \$67,688 were recorded 31 to 108 days late.
3. Totaling \$2,645, one state distribution was recorded 572 days late and not in the correct accounting period.

For 2022, thirty-four distributions were not recorded in the financial records in a timely manner:

1. Twenty-eight state distributions totaling \$1,978,112 were recorded 10 to 30 days late. Additionally, one of the state distributions was not recorded in the correct accounting period.
2. Five state distributions totaling \$32,335 were recorded 31 to 108 days late.
3. Totaling \$19, one state distribution was recorded 112 days late.

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)

ERRORS ON CLAIMS

A similar comment also appeared in a Management Letter addressed to the County Auditor for the audit period ending December 31, 2020.

Condition and Context

Internal controls over disbursements were not effective to ensure compliance with laws and regulations related to disbursements.

Testing of claims identified 4 of the 25 claims examined were not certified by the fiscal officer and did not get approved by the governing board. Discussion with the County Auditor and personnel in the County Auditor's office, indicated the 4 claims in question were "pass-through" payroll related claims, and these type items have never gone through the regular certification and governing board approval process. These claims have historically been processed through Payroll Clearing but were not certified by the County Auditor or approved by the governing board.

Testing also noted 3 additional claims were not approved by the governing board. Discussion with the County Auditor and personnel in the County Auditor's office indicated 2 of the claims in question were tax sale related disbursements, and these type of items have not been included in the governing board approval process. The other disbursement was a claim to another governmental entity for river boat sharing.

COUNTY AUDITOR
PERRY COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Testing also noted 2 additional claims were certified by the fiscal officer and approved by the governing board without an itemized invoice.

Criteria

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

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. . . ."

COUNTY AUDITOR
PERRY COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

TRAINING AND CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The County improperly certified that all individuals had received the required training on internal control standards. The required training certifications were not provided for all individuals requested. Proof of training was provided for eight of the ten requested individuals. Due to turnover of staff in the County Auditor's office, some certification forms could not be found.

Additionally, the County's *Uniform Internal Control Standards* policy states in part: ". . . *personnel . . . shall be trained at least once during a calendar year and annually thereafter . . .*" Training at the County is completed as part of initial onboarding when an employee is hired but is not being done annually. The County is not in compliance with the County's policy.

Criteria

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

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](#)."

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY AUDITOR
PERRY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 7, 2023, with Kristinia Hammack, County Auditor; David A. Etienne, President of the County Council; Randall Cole, President of the Board of County Commissioners; Kelli Harding, County Council member; Stan Goffinet, County Council member; Keith Huck, County Council member; and Rebecca Thorn, County Commissioner.

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COUNTY TREASURER
PERRY COUNTY

COUNTY TREASURER
PERRY COUNTY
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

The same comment also appeared in prior Reports B57543 and B57700.

Condition and Context

Effective internal controls over the preparation of depository reconciliations of the fund balances to the bank account balances and the reconciliations of the County Treasurer's Cash Book balances to the County Auditor's fund balances were not in place to timely identify and correct errors. Without a proper system of internal controls in place that operates effectively, material misstatements could have occurred and remained undetected.

Depository reconciliations of the fund balances to the bank account balances, prescribed County Form 47-TR "Monthly Financial Report," and reconciliations of the County Treasurer's Cash Book balances to the County Auditor's fund balances were not completed timely. The Form 47-TR was filed late in 18 of the 24 months during the audit period, including all of 2021, which were not filed until 2022.

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."

Indiana Code 36-2-10-16(a) states:

"Before the sixteenth day of each month, the treasurer shall prepare a report showing, as of the close of business on the last day of the preceding month, the following items:

- (1) The total amount of taxes collected and not included in the last semiannual settlement of taxes, and the amount of taxes omitted from any preceding semiannual settlements, except for taxes advanced to the state or a municipal corporation in the county and for which an advance settlement has been made.
- (2) The total amount of distributions under [IC 6-5.5](#) that are not included in the last semiannual settlement of taxes, and the amount of those taxes omitted from any preceding semiannual settlements.
- (3) The totals of money received from all other sources and not receipted into the ledger fund accounts of the county at the end of the month.
- (4) The total of the balances in all ledger fund accounts.
- (5) The total amount of cash in each depository at the close of business on the last day of the month.
- (6) The total of county warrants issued against each depository that are outstanding and unpaid at the end of the month.
- (7) The record balance of money in each depository at the end of the month.
- (8) The cash in the office at the close of the last day of the month.
- (9) Other items for which the treasurer is entitled to credit.

COUNTY TREASURER
PERRY COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

The treasurer shall prepare the report in quadruplicate and verify each copy. The treasurer shall retain one (1) copy as a public record and file three (3) copies with the county auditor. The state board of accounts shall prescribe forms for the report in the detail it considers necessary under this section and [IC 5-13-6-1](#)."

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. . . ."

The Monthly Financial Statement, Form 61, is a permanent record prepared from the treasurer's funds ledger at the close of each month. It is prepared after all postings to the ledger have been completed for the month and reflects the total receipts and disbursements and the balance for each fund for the month and for the year to date. The statement must agree with a similar statement kept by the county auditor, giving consideration to any adjustments required to reconcile the ledgers of the two offices. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 5)

TIMELY RECORDING

A similar comment appeared in a Management Letter addressed to the County Treasurer for the audit period ending December 31, 2020.

Condition and Context

For 2022, eight state distributions were not recorded in the County Treasurer's Cash Book in a timely manner:

1. Of the state distributions totaling \$51,951, five were recorded 10 to 30 days late.
2. Of the state distributions totaling \$117,525, three were recorded 31 to 55 days late.

COUNTY TREASURER
PERRY COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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.

1) (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter

COUNTY TREASURER
PERRY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 7, 2023, with Amanda F. Lasher, County Treasurer; Dawn H. Baumeister, Deputy County Treasurer; Kristinia Hammack, County Auditor; David A. Etienne, President of the County Council; Randall Cole, President of the Board of County Commissioners; Kelli Harding, County Council member; Stan Goffinet, County Council member; Keith Huck, County Council member; and Rebecca Thorn, County Commissioner.