

Clay County, Missouri

Compliance Report
December 31, 2017

Contents

Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	1-2
Report on compliance for each major federal program, report on internal control over compliance and report on schedule of expenditures of federal awards required by the Uniform Guidance	3-4
Schedule of expenditures of federal awards	5
Notes to schedule of expenditures of federal awards	6
Summary schedule of prior audit findings	7-9
Schedule of findings and questioned costs	10-13
Corrective action plan	14



RSM US LLP

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance With
Government Auditing Standards**

Independent Auditor's Report

To the Board of County Commissioners
Clay County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clay County, Missouri (the County), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 29, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2017-001 and 2017-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as 2017-003.

County's Response to Findings

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Kansas City, Missouri
June 29, 2018



RSM US LLP

**Report on Compliance for Each Major Federal Program,
Report on Internal Control Over Compliance and
Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Independent Auditor's Report

To the Honorable County Commissioners of
Clay County, Missouri

Report on Compliance for Each Major Federal Program

We have audited Clay County, Missouri's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2017. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the County as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 29, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

Kansas City, Missouri
June 29, 2018

Clay County, Missouri

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Passed through Missouri Department of Social Services:			
Child Support Enforcement - Title IV-D Reimbursement	93.563	04MO4005	<u>\$ 1,355,389</u>
U.S. Department of Homeland Security:			
Passed through Missouri Department of Public Safety:			
Emergency Management Performance Grant	97.042	EMK-2017-EP-APP-00006-029	100,162
Passed through State of Missouri Emergency Management Agency:			
Hazard Mitigation Grant	97.036	FEMA-4238-DR-MO	<u>79,141</u>
Total U.S. Department of Homeland Security			<u>179,303</u>
U.S. Executive Office of the President:			
Passed through Kansas City Board of Police Commissioners:			
High Intensity Drug Trafficking Areas (HIDTA)	95.001	G12MW0005A	<u>68,965</u>
U.S. Department of Transportation:			
Passed through Missouri Department of Transportation:			
Highway Planning and Construction Grant (Bridge No. 0620008)	20.205	BRO-BO24(26)	2,324
Highway Planning and Construction Grant (Bridge No. 0680003)	20.205	BRO-B024(25)	420,350
Highway Planning and Construction Grant (Bridge No. 1070009)	20.205	BRO-BO24(27)	<u>3,864</u>
Subtotal			<u>426,538</u>
DWI Enforcement Grant (Sobriety Checkpoints)	20.607	17-154-AL-129	6,458
Youth Alcohol Enforcement Project Grant	20.607	17-154-AL-130	<u>1,889</u>
Subtotal			<u>8,347</u>
Highway safety cluster:			
Hazardous Moving Violation Enforcement Grant	20.600	17-PT-02-060	14,316
Occupant Protection Enforcement Grant	20.616	17-M2HVE-05-020	<u>598</u>
Highway safety cluster total			<u>14,914</u>
Total U.S. Department of Transportation			<u>449,799</u>
Total expenditures of federal awards			<u>\$ 2,053,456</u>

See notes to schedule of expenditures of federal awards.

Clay County, Missouri

Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2017

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Clay County, Missouri (County) for the year ended December 31, 2017. All federal awards received directly from federal agencies as well as those awards that are passed through other governmental agencies, and expended during the year are included on the schedule of expenditures of federal awards. The information in this schedule is presented in accordance with the requirements of the OMB Compliance Supplement and the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

Note 2. Significant Accounting Policies

Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principals contained in contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3. Subrecipients

There were no amounts passed through to subrecipients for the year ended December 31, 2017.

Note 4. Indirect Cost Rate

The County elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance, with the exception of those grants awarded through the Department of Health and Human Services.



Clay County, Missouri

Administration Building
1 Courthouse Square ~ Liberty, MO 64068

Dean Brookshier
County Administrator

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2017

The following are those prior year findings with the corrective action proposed by the County and the updated status of that action:

Financial Statement Findings – Internal Control

2016-001 – Lack of Internal Controls over Financial Reporting – Material Weakness

Audit Finding: During the audit there were a significant number of audit adjustments proposed to the original trial balance that was presented to us, that materially affected a significant number of year-end balances, primarily relating to cutoff for accounts payable and the proper timing of expenditure recognitions.

Response Submitted for Compliance Report Dated June 30, 2016: Historically, these functions were performed by the County auditor or outside vendor. In 2015, with the reorganization of departments under the control of County Administrator the Commission approved the creation of the Finance Department, led by a Finance Manager directly reporting to the Assistant County Administrator – Finance & Administrative Services.

Access to the EDEN Financial Reporting System is currently controlled within the County Auditor's office. The continued deficiencies indicate to County management that control of the EDEN financial system should be moved to the Finance Department. The statutory requirements of the County Auditor for controlling financial systems will be reviewed and a written opinion will be provided by the County's legal counsel. In addition, the Finance Department will initiate a process to reconcile all fund balances prior to audit fieldwork and review all transactions to determine proper reporting in accordance with Generally Accepted Accounting Principles.

Corrective Action Status: Partially Corrected. The current Eden Financial System significantly complicates the process of supporting year-end Generally Accepted Accounting Principles (GAAP) which impacts the timeliness of preparing and issuing of the financial statements. The Finance Department will identify possible software solutions that convert from budgetary cash basis accounting to a modified accrual basis required under GAAP.

The Finance Department will enhance the new process for providing accounts payable listing to conform to the outside auditor's requirements. In 2018, the Finance Department will implement a year end review process to ensure all accounts payable items are properly accounted for in the trial balance prior to audit field work. Staff will work with the County Auditor's office to create a new field within the Eden Financial System to properly record accounts payable.

This deficiency can be further corrected by 1) Moving control of the Eden Financial System to the Finance Department or; 2) The County Auditor move forward with hiring another full time staff person which was approved in the 2018 budget.

2016-002

Audit Finding: There is one County employee who has the ability to record journal entries to the general ledger and also has IT administrative access (super user). Management of the County has not implemented effective compensating controls to address this inadequate segregation of duties.

Response Submitted for Compliance Reported Dated June 30, 2016: Access of the EDEN financial reporting system is currently controlled within the County Auditor's Office. A single staff member within the county Auditor's Office is able to input, review and approve journal entries which may lead to a misrepresentation of the financial statements. The continued deficiencies indicate to County management that control of the EDEN financial reporting system should be moved to the Finance Department to ensure proper segregation of duties and controls are put in place. The statutory requirements of the County Auditor for controlling financial systems will be reviewed and a written opinion will be provided by the County's legal counsel.

Corrective Action Status Per County Auditor: Corrected. Journal Entries done by the Auditor's Chief Deputy, who is also a super user, are also reviewed by the Auditor. Since, September 2017, staff changes have expanded the checks and balance and oversight of any Journal Entries. Any entries are independently reviewed by another Deputy Auditor as well as the Auditor. Checks and balances are inherent in the system. Any office's budget impacted by any JE made by the Auditor's staff will be apparent and attention will be addressed.

2016-003

Audit Finding: There are no procedures in place to review and approve journal entry transactions by someone independent of the individual posting the entry in the general ledger.

Response Submitted for Compliance Report Dated June 30, 2016: The County Auditor has a single staff member responsible for the review and inputting of journal entries which can cause misrepresentation of the financial statements. The continued deficiencies indicate to County management that control of the EDEN financial reporting system should be moved to the Finance Department as the Finance Department has personnel in place to segregate duties for inputting, reviewing, posting and approving journal entries. The statutory requirements of the County Auditor for controlling financial systems will be reviewed and a written opinion will be provided by the County's legal counsel.

Corrective Action Status Per County Auditor: Corrected. There are review procedures in place to review any entries made by any member of the Auditor's staff by another staff member and ultimately the Auditor. In addition, the Finance Manager will implement a more rigorous review process which will require formal procedures and documentation pertaining to the review of posting of journal entries.

2016-004

Audit Finding: Management approved audit adjustments identified during 2015 audit and that were recorded in the published financial statements approved by management. Subsequent to the audit however, management did not post all of these journal entries in the Eden general ledger. As a result of this, the Eden general ledger does not agree to the County's financial statements and management instead performed a manual review between the Eden general ledger and the financial statements, however not all funds were properly reconciled.

Response Submitted for Compliance Report Dated June 30, 2016: The Finance Department established a process of reviewing and posting of adjusted: The Finance Department established a process of reviewing and posting of adjusted journal entries to final trial balance and submitted to County Auditor. Failure to receive timely journal entry adjustments from the County Auditor resulted in issues with reconciling beginning fund balances to the trial balance. This deficiency can be corrected by moving control of the EDEN financial system to the Finance Department.

Corrective Action Status: Partially corrected. The Finance Department established a process for reviewing journal entries and adjusted journal entries to final trial balance and submitted to County Auditor. The Finance Department will enhance the process in 2018 by providing documentation to the outside auditors showing this review has occurred. This deficiency can be further corrected by 1) Moving control of the Eden Financial System to the Finance Department or; 2) The County Auditor move forward with hiring another full time staff person which was approved in the 2018 budget.

Federal Award Findings – Internal Control

2016-005

Audit Finding: Management did not properly include all federal expenditures on the SEFA for the year ended December 31, 2016. During the audit, additional federal grant expenditures were identified by the audit team, including total federal awards expended for each individual federal program.

Response Submitted for Compliance Report Dated June 30, 2016: The Finance Department will implement a new process, effective in 2017 for thoroughly reviewing, tracking and updating grant awards approved by the County Commission and ensure staff receives the training necessary to update the SEFA completely and accurately.

Corrective Action Status: Corrected. Finance Department developed formal procedures and coordinated with departments receiving grant funding to properly track and account for grant revenues and expenditures and reconcile the grant account balances with the General Ledger within the Eden financial system.

Clay County, Missouri

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2017**

I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? Yes No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction Grants
93.563	Child Support Enforcement - Title IV-D Reimbursement

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

(Continued)

Clay County, Missouri

Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2017

II. Financial Statement Findings

A. Internal Control

2017-001—Lack of internal controls over financial reporting—material weakness

Criteria: Management of the County is responsible for establishing and maintaining effective internal controls over financial reporting. These controls should allow management or employees to prevent, or detect and correct, misstatements to the financial statements on a timely basis.

Condition: During the audit there were a significant number of audit adjustments proposed to the original trial balance that was presented to us at the beginning of the audit, which materially affected year-end balances, primarily relating to cutoff for accounts payable, the proper timing of expenditure recognition, the completeness of capital leases and transfers between funds.

Cause: The County does not have proper procedures and controls in place to ensure the financial statements are prepared in accordance with generally accepted accounting principles. Individuals preparing the financial statements do not have a process in place to identify and record accounts payable and related expenditures to ensure proper cutoff at year-end. The County does not have proper procedures and controls in place to review manual journal entries for accuracy as they are preparing year-end closing entries. The County also does not have a process in place for identifying all new capital leases.

Effect or potential effect: There were significant financial statements adjustments proposed during the audit process. The lack of proper procedures and controls in place over the preparation of the financial statements could also potentially result in material misstatements of the financial statements and material departures from generally accepted accounting principles.

Recommendation: We recommend the County put in place a timely year-end financial statement close process to ensure the accounting and financial reporting are accurate and in accordance with applicable standards. We recommend this process be performed prior to the start of audit fieldwork. This process should include the following: convert cash basis accounting to accrual basis, preparation of supporting schedules for balances recorded in the general ledger at year-end, and preparation of draft financial statements in accordance with applicable standards. We recommend the County record all current year adjusting journal entries to the trial balance in a timely manner to ensure it reconciles to the financials and properly balances next year. We also recommend the County implement procedures to identify new capital leases.

View of responsible official: Management agrees with this finding.

2017-002—Audit adjustments from prior year audit not recorded in the general ledger—material weakness

Criteria: Management of the County is responsible for establishing and maintaining effective internal controls over financial reporting. These controls should allow management or employees to prevent, or detect and correct, misstatements to the financial statements on a timely basis. These controls should also include the posting of audit adjustments approved by management to the general ledger that were reported in the County's published financial statements.

Clay County, Missouri

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2017

Condition: Management approved audit adjustments identified during the 2016 audit and that were recorded in the published financial statements approved by management. Subsequent to the audit however, management did not post all of these journal entries in the Eden general ledger. As a result of this, the Eden general ledger does not agree to the County's financial statements and management instead performed a manual review between the Eden general ledger and the financial statements, however not all funds were properly reconciled.

Cause: The County does not have proper procedures and controls in place to properly record manual journal entries in the general ledger in a timely manner. Individuals authorized to post journal entries did not post all of the adjusting journal entries approved by management.

Effect or potential effect: There was a significant audit adjustment proposed and recorded during the audit process because beginning fund balance in several of the fund statements did not agree or reconcile to the prior year financial statements. The lack of proper procedures and controls in place over this process could also potentially result in material misstatements of the financial statements and material departures from generally accepted accounting principles.

Recommendation: We recommend the County put in process a timely year-end financial statement close process, that includes recording manual journal entries and adjusting journal entries identified, in a timely manner.

View of responsible officials: Management agrees with this finding.

B. Compliance Finding

2017-003—Transfer of restricted funds to the General Fund

Criteria: The Road and Bridge special revenue fund accounts for property tax and sales tax dollars which are legally restricted for the use of road and bridge improvements.

Condition and context: On February 27, 2017, the County approved Ordinance "2017-ORD-07," which authorized a transfer of restricted funds in the amount of \$379,482 from the Road and Bridge special revenue fund to the General Fund.

Cause: The County did not have an adequate procedure in place to ensure restricted funds are expended solely for the purpose in which they are legally required to be expended.

Effect: The County was not in compliance with the restricted spending requirements of the revenue reported in the Road and Bridge special revenue fund.

Recommendation: We recommend the County establish a procedure to ensure restricted funds are expended solely for the purpose in which they are legally required to be expended, and that restricted funds are not transferred to the General Fund for general operating expenditures.

View of responsible official: Management agrees with this finding.

Clay County, Missouri

**Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2017**

III. Findings and Questioned Costs for Federal Awards

A. Internal Control

No matters were reported.

B. Instances of Noncompliance

No matters were reported.



Clay County, Missouri

Administration Building
1 Courthouse Square ~ Liberty, MO 64068

Dean Brookshier
County Administrator

Corrective Action Plan YEAR ENDED DECEMBER 31, 2017

Financial Statement Findings – Internal Control

Identifying number: 2017-001

Audit finding: During the audit there were a significant number of audit adjustments proposed to the original trial balance that was presented to us, at the beginning of the audit, which materially affected year-end balances, primarily relating to cutoff for accounts payable and the proper timing of expenditure recognition, the completeness of capital leases and transfers between funds.

Corrective actions taken or planned: The current Eden Financial System significantly complicates the process of supporting year-end Generally Accepted Accounting Principles (GAAP) which impacts the timeliness of preparing and issuing of the financial statements. The Finance Department will identify possible software solutions that convert from budgetary cash basis accounting to a modified accrual basis required under GAAP.

The Finance Department will enhance the new process for providing accounts payable listing to conform to the outside auditor's requirements. In 2018, the Finance Department will implement a year-end review process to ensure all accounts payable items are properly accounted for in the trial balance prior to audit field work. Staff will work with the County Auditor's office to create a new field within the Eden Financial System to properly record accounts payable.

This deficiency can be further corrected by 1) Moving control of the Eden Financial System to the Finance Department or; 2) The County Auditor moves forward with hiring another full time staff person which was approved in the 2018 budget.

Name of contact person: Carol McCaslin, County Auditor and Sean Milleson, Fiscal Accountability Manager

Anticipated completion date: 12/31/2018

Identifying number: 2017-002

Audit finding: Management approved audit adjustments identified during the 2016 audit and that were recorded in the published financial statements approved by management. Subsequent to the audit however, management did not post all of these journal entries in the Eden general ledger. As a result of this, the Eden general ledger does not agree to the County's financial statements and management instead performed a manual review between the Eden general ledger and the financial statements, however not all funds were properly reconciled.

Corrective actions taken or planned: The Finance Department established a process for reviewing journal entries and adjusted journal entries to final trial balance and submitted to County Auditor. The Finance Department will enhance the process in 2018 by providing documentation to the outside auditors showing this review has occurred. This deficiency can be further corrected by 1) Moving control of the Eden Financial System to the Finance Department or; 2) The County Auditor moves forward with hiring another full time staff person which was approved in the 2018 budget.

Name of contact person: Carol McCaslin, County Auditor and Sean Milleson, Fiscal Accountability Manager

Anticipated completion date: 12/31/2018

Financial Statement Findings – Compliance Findings

Identifying number: 2017-003

Audit finding: On February 27, 2017, the County approved Ordinance “2017-ORD-07,” which authorized a transfer of restricted funds in the amount of \$379,482 from the Road and Bridge special revenue fund to the General Fund.

Corrective actions taken or planned: The Finance Department and County Auditor will establish a thorough review process to properly handle the transfer between funds and ensure revenue and expenditures for the following funds; Road and Bridge, Parks and Law Enforcement Funds are restricted to their specific purpose as stipulated by enabling legislation. This deficiency can further be corrected by 1) Postponing adoption of budget at later time when actual carryover figures are known; or 2) Estimate carryover of restricted funds to be \$0 and true up actual figures to budget estimates once actual figures become known at first of year.

Name of contact person: Carol McCaslin, County Auditor, Sean Milleson, Fiscal Accountability Manager, Diane Gruber, Appropriations Manager

Anticipated completion date: 12/31/2018

