

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

JAY COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
12/12/2014

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
County Auditor:	
Federal Finding:	
Finding 2013-001 - Preparation of the Schedule of Expenditures of Federal Awards	6-7
Corrective Action Plan	8
Exit Conference	9

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Nancy J. Culy	01-01-11 to 12-31-14
Treasurer	Robin Alberson	01-01-13 to 12-31-16
Clerk	Ellen Coats	01-01-13 to 12-31-16
Sheriff	Larry R. Newton, Jr.	01-01-11 to 12-31-14
Recorder	Beverly D. Myers	01-01-11 to 12-31-14
President of the Board of County Commissioners	Milo M. Miller, Jr.	01-01-13 to 12-31-14
President of the County Council	Michael Leonhard	01-01-13 to 12-31-14



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

TO: THE OFFICIALS OF JAY COUNTY, INDIANA

This report is supplemental to our audit report of Jay County (County), for the period from January 1, 2013 to December 31, 2013. It has been provided as a separate report so that the reader may easily identify any Federal Findings that pertain to the County. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the County, which provides our opinions on the County's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Finding, identified in the above referenced audit report, is included in this report.

Any Corrective Action Plan for the Federal Finding, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

November 10, 2014

(This page intentionally left blank.)

COUNTY AUDITOR
JAY COUNTY

COUNTY AUDITOR
JAY COUNTY
FEDERAL FINDING

FINDING 2013-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The County should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following errors: (a) total federal expenditures were incorrectly reported with expenditures being overstated by \$167,982; (b) amounts reported for 10 of 11 grant awards were incorrect; and (c) information such as grantor agency, program title, pass-through entity, Catalog of Federal Domestic Assistance (CFDA) number, and pass-through identifying number were incorrect or omitted for some grant awards.

We believe the deficiencies discussed above constitute a material weakness. The errors and omissions on the SEFA were partially caused by a lack of sufficient internal controls over the preparation of the SEFA and due to insufficient familiarity with some of the required elements of the SEFA. Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in this report.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

COUNTY AUDITOR
JAY COUNTY
FEDERAL FINDING
(Continued)

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards: The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide the total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Nancy J. Culy
Jay County Auditor
Jay County Courthouse
Portland, Indiana 47371
Phone (260) 726-7575
Fax (260) 726-6933
nculy@co.jay.in.us

CORRECTIVE ACTION PLAN

FINDING 2013-001

Nancy J Culy, Auditor:
(260)726-6937:

Description of Corrective Action Plan:

To rectify Finding 2013-001, the Jay County Auditor's office will be starting a spreadsheet which will be kept for all grants that come into the county. On the spreadsheet there will be a tab for each grant that comes into the county, noting what it is for, the amount the grant is for, and the CFDA or SEFA number associated with that grant. We will also be requiring each grant recipient to file with the Auditor's office a form describing the grant, giving the number for the grant and title of the grant. This will put in the folder with each grant that comes into the county.

When the CAR is ready for submission, the County Auditor, President of Commissioners, or an appointed person, will verify the information for each grant on the SEFA that is reported and verify beginning and ending balances.

The auditor's office will be going back to the beginning of 2014 and cataloging the grants that have been disbursed for the current year, and any grants that have a balance from a previous year.

Anticipated Completion Date: 12/31/2014

Nancy J. Culy
(Signature)
Auditor
(Title)
10/29/14
(Date)

COUNTY AUDITOR
JAY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 10, 2014, with Nancy J. Culy, Auditor; Milo M. Miller, Jr., President of the Board of County Commissioners; and Michael Leonhard, President of the County Council.