

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

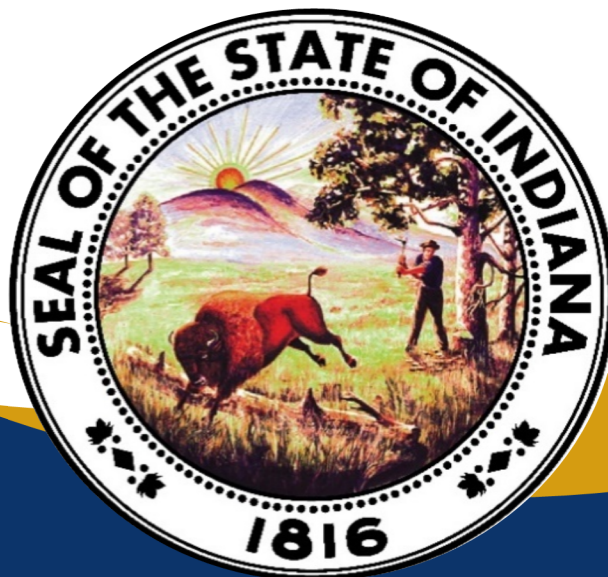
**Paul D. Joyce, CPA
State Examiner**

SUPPLEMENTAL COMPLIANCE REPORT

OF

JASPER COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED

12/09/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Donya Jordan	01-01-23 to 12-31-24
County Treasurer	Tammy McEwan	01-01-23 to 12-31-24
Clerk of the Circuit Court	Kara Fishburn	01-01-23 to 12-31-24
County Sheriff	Patrick Williamson, Sr.	01-01-23 to 12-31-24
County Recorder	Kimberly K. Grow	01-01-23 to 12-31-24
President of the Board of County Commissioners	Rein Bontreger	01-01-23 to 12-31-24
President of the County Council	Stephen R. Jordan	01-01-23 to 12-31-24



Paul D. Joyce, CPA
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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF JASPER COUNTY, INDIANA

This report is supplemental to the audit report of Jasper County (County), for the period from January 1, 2023 to December 31, 2023. 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

November 20, 2024



COUNTY AUDITOR
JASPER COUNTY

COUNTY AUDITOR
JASPER COUNTY
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

A similar comment appeared in prior Report B61796, entitled *ANNUAL FINANCIAL REPORT - OTHER INFORMATION*.

Condition and Context

The Annual Financial Report (AFR) is required to be submitted annually via the Indiana Gateway for Government Units (Gateway) financial reporting system. Effective internal controls were not established to ensure the accuracy, completeness, and timeliness of the information submitted in the AFR, which resulted in the following errors.

Capital Assets

The County did not provide a detailed listing of capital assets to support the amounts reported. This resulted in a material overstatement of the capital assets information reported in the AFR.

The AFR is the basis for the other information presented. Due to the material errors noted, the County approved the omission of the Schedule of Capital Assets from the Financial Statement Audit Report of the County.

Grants

The grants reported in the AFR omitted three grants. This resulted in a \$65,677 understatement of grant disbursements.

Leases and Debt

Debt information entered into Gateway was incorrectly reported as a general obligation bond when it was actually a lease. This submitted information is used to generate the Schedule of Leases and Debt presented as Other Information in the Financial Statement Audit Report of the County.

Audit adjustments were proposed, accepted by the County, and made to this schedule and the lease and debt information within the AFR.

Payables

Amounts reported as accounts payable were not supported by the County's records. This resulted in a material overstatement of the accounts payable information reported in the AFR.

The AFR is the basis for the other information presented. Due to the material errors noted, the County approved the omission of the Schedule of Payables and Receivables from the Financial Statement Audit Report of the County.

Timely Submission of the AFR

The 2023 AFR filed with the Indiana State Board of Accounts through Gateway was filed 18 days after the due date.

COUNTY AUDITOR
JASPER COUNTY
AUDIT RESULTS AND COMMENTS
(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 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. . . ."

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 as set forth in the uniform compliance guidelines. 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](#)."

INTERNAL CONTROLS OVER COMPLIANCE

Condition and Context

Internal control deficiencies resulted in the noncompliance over:

- Motor Vehicle Highway (MVH) - Restricted Fund Expenditures
- Capital Assets
- Salary Ordinance

These internal control deficiencies are further detailed in the comments below.

COUNTY AUDITOR
JASPER COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND EXPENDITURES

The same comment also appeared in prior Reports B59674 and B61796.

Condition and Context

The County created a Motor Vehicle Highway (MVH) Restricted sub-fund within the MVH fund and posted 50 percent of the state motor vehicle highway distributions to the sub-fund as required. The MVH Restricted sub-fund is to be used exclusively for the construction, reconstruction, and preservation of the County's highways.

Based on a test of ten disbursements, three were not in compliance with the restricted use of the fund. Two disbursements were for fuel purchases which were not documented as being used for restricted purposes, and one disbursement was payroll for an employee whose duty included salting County overpasses. These disbursements were not for the construction, reconstruction, or preservation of County's roads.

Criteria

Indiana Code 8-14-1-4(b) states: "Except as provided in subsection (c), for funds distributed to a county from the motor vehicle highway account, the county shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the county's highways."

COUNTY AUDITOR
JASPER COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

CAPITAL ASSETS

The same comment appeared in prior Reports B59674 and B61796.

Condition and Context

The County had adopted a capital asset policy prior to the audit period; however, the County had not maintained a detailed listing of all capital assets owned which reflected their acquisition value.

In addition, the County had not completed a physical inventory of capital assets at least every two years as required.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

SALARY ORDINANCE

Condition and Context

The County Council adopted an ordinance to set salaries for the officers and employees of the County for 2023 on December 20, 2022. The ordinance established both a salary and a max rate per hour.

Based on a sample of 14 paychecks, 3 individuals were not paid in accordance with the approved salary ordinance. An employee was overpaid \$51 on the selected paycheck due to being paid at the 2023 requested salary rate rather than the 2023 adopted rate. Another employee was underpaid a total of \$286 on the selected paycheck due to the calculated hourly rate being paid less than the adopted rate. The calculated hourly rate for a third employee was more than the salary ordinance; however, all overtime was paid at straight time rather than one and one-half times the hourly rate. This resulted in an underpayment of \$16 on the selected paycheck.

Criteria

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

Non-exempt employees shall be paid straight time for hours worked up to forty (40) hours per week; or have time off hour for hour up to forty (40) hours per week. Nonexempt employees shall be paid at a rate of one and one-half (1 1/2) times the hourly wage for all approved hours worked in excess of forty (40) in a work week. (Jasper County Personnel Policies Handbook, November 2022)

COUNTY AUDITOR
JASPER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 20, 2024, with Donya Jordan, County Auditor; Rein Bontreger, President of the Board of County Commissioners; Stephen R. Jordan, President of the County Council; and Diana Boersma, County Auditor Elect.

BOARD OF COUNTY COMMISSIONERS
JASPER COUNTY

BOARD OF COUNTY COMMISSIONERS
JASPER COUNTY
AUDIT RESULT AND COMMENT

CONTRACTS

Condition and Context

The County did not have a system of internal controls in place to ensure vendors were properly contracted.

The County paid a total of \$1,476,639 in 2023 to Titan Engineering for construction services. The services provided by Titan Engineering were considered contracted services, but the County did not enter into a formal written contract.

The County paid Attorney fees for services provided on behalf of the Board of County Commissioners without a written contract. Due to the lack of a contract identifying rates and services to be provided, it was not possible to determine if the proper payment was made.

Criteria

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Counties 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:

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BOARD OF COUNTY COMMISSIONERS
JASPER COUNTY
EXIT CONFERENCE

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