

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

JACKSON COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED

09/26/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Roger D. Hurt	01-01-23 to 03-10-23
	Staci L. Eglen	03-11-23 to 05-03-24
	Jamie Pyle	05-04-24 to 07-28-24
	Hans Eilbracht	07-29-24 to 12-31-24
County Treasurer	Kathy S. Hohenstreiter	01-01-23 to 12-31-24
Clerk of the Circuit Court	Amanda L. Lowery	01-01-23 to 01-13-23
	Piper Shoemaker	01-14-23 to 12-31-24
County Sheriff	Rick Meyer	01-01-23 to 12-31-24
County Recorder	Jennifer Isaacs	01-01-23 to 12-31-24
President of the Board of County Commissioners	Drew Markel	01-01-23 to 12-31-24
President of the County Council	Brian H. Thompson	01-01-23 to 12-31-23
	Brady Riley	01-01-24 to 12-31-24



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF JACKSON COUNTY, INDIANA

We have audited, in accordance with 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 statement of Jackson County (County), for the year ended December 31, 2023, and the related notes to the financial statement, which collectively comprise the County's financial statement and have issued our report thereon dated September 18, 2024, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or 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 were not identified. We did identify certain deficiencies in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002, that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statement is free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001.

Jackson County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The County's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statement, 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.



Beth Kelley, CPA, CFE
Deputy State Examiner

September 18, 2024



INDEPENDENT AUDITOR'S 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

TO: THE OFFICIALS OF JACKSON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Jackson County's (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 its major federal programs for the year ended December 31, 2023. 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.

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, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

INDEPENDENT AUDITOR'S 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
(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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.

INDEPENDENT AUDITOR'S 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
(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 statement of the County, as of and for the year ended December 31, 2023, and the related notes to the financial statement. We issued our report thereon dated September 18, 2024, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed for the purpose of forming an opinion on the financial statement as a whole. 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 financial statement. 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 financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, 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 financial statement as a whole.



Beth Kelley, CPA, CFE
Deputy State Examiner

September 18, 2024

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the County. The schedule and notes are presented as intended by the County.

JACKSON COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
Department of Agriculture					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
School Breakfast Program 9103			FY2023	\$ -	\$ 5,079
National School Lunch Program	Indiana Department of Education	10.555			
National School Lunch Program - Snacks 9103			FY2023	-	1,104
National School Lunch Program-Juv Home-Lunch 9103			FY2023	-	8,237
Total - National School Lunch Program				-	9,341
Total - Child Nutrition Cluster				-	14,420
COVID-19 - Pandemic EBT Administrative Costs	Indiana Department of Education	10.649			
P-EBT			FY2023	-	628
Total - Department of Agriculture				-	15,048
Department of Justice					
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575			
Victim Assistance VOCA Grant			FY2023	-	59,870
Equitable Sharing Program	Direct Grant	16.922			
Federal Prosecutor Asset Forfeiture			FY2023	-	1,462
Total - Department of Justice				-	61,332
Department of Transportation					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Bridge #197 Replacement over McHargue Ditch on CR 100 S			Des# 1703018	-	8,801
Bridge #154 Replacement on CR 300 S over Rider Ditch			Des# 1703020	-	35,510
Bridge Inspection			Des# 2201115	-	130,185
Countywide Bridge			Des #1500207	-	7,741
Total - Highway Planning and Construction				-	182,237
Total - Department of Transportation				-	182,237
Department of the Treasury					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Direct Grant	21.027			
ARP Corona Local Fiscal Recovery 8950			2023	-	114,655
Total - Department of the Treasury				-	114,655
Department of Health and Human Services					
Public Health Emergency Preparedness	Indiana State Department of Health	93.069			
9118 - Public Health Preparedness Base			40093069PHEPA23	-	3,952
9118 - Public Health Preparedness Base			40093069PHEPA24	-	17,705
Total - Public Health Emergency Preparedness				-	21,657

JACKSON COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
Immunization Cooperative Agreements	Indiana State Department of Health	93.268			
Immunization and Vaccines for Children			5 NH23IP922631-02-00	-	3,171
Immunization and Vaccines for Children			5 NH23IP922631-05-01	-	59,266
Immunization and Vaccines for Children			5 NH23IP922631-04-00	-	37,484
Total - Immunization and Vaccines for Children				-	99,921
COVID-19 - Immunization Cooperative Agreements	Indiana State Department of Health	93.268			
Immunization Supplemental			6 NH23IP922631-02-03	-	11,224
Total - Immunization Cooperative Agreements				-	111,145
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	Indiana State Department of Health	93.354			
8107 Covid-19			1 NU90TP922179-01-00	-	59,554
Child Support Services	Indiana Department of Child Services	93.563			
Child Support Enforcement-County General			FY2023	-	10,500
Spreadsheet Child Support Enforcement-County General IV-D Incentive			FY2023	-	249,217
Child Support Enforcement-Prosecutor's IV-D after 10/99			FY2023	-	42,892
8899 Child Support Enforcement-Clerk IV-D after 10/99			FY2023	-	4,290
Total - Child Support Services				-	306,899
Foster Care Title IV-E	Indiana Department of Child Services	93.658			
Title IV-E			FY2023	-	6,021
Opioid STR	Indiana Supreme Court	93.788			
Justice Partners Addictions Response Grant-Jackson-Jennings Community Corrections			20-5JC89-C36-060 and 21-5JC89-	-	14,097
Peer Recovery and Mental Health training for first responders				-	14,097
Total - Department of Health and Human Services				-	519,373
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042			
Emergency Management Performance Grant Salary			EMC-2022-EP-00005	-	33,041
Dispatch Console			EMC-2022-EP-00005	-	9,556
Total - Emergency Management Performance Grants				-	42,597
BRIC: Building Resilient Infrastructure and Communities	Indiana Department Homeland Security	97.047			
2018 Pre Disaster Mitigation Program			DHS-18-MT-047-000-99	-	4,339
Homeland Security Grant Program	Indiana Department of Homeland Security	97.067			
8102 Non Priority Prime Mover Support Vehicle			EMW-2022-SS-00064	-	55,612
Total - Department of Homeland Security				-	102,548
Total federal awards expended				\$ -	\$ 995,193

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

JACKSON COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2023. The information in the SEFA is presented in accordance with the 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). Because the SEFA presents only a select portion of the operations of the County, it is not intended to and does not present the financial position of the County.

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 2. Indirect Cost Rate

The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

JACKSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

Identification of Major Programs and type of auditor's report issued on compliance for each:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
20.205	Highway Planning and Construction	Unmodified
93.563	Child Support Services	Unmodified

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2023-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-001.

Condition and Context

The County is required to file reports after the close of each fiscal year. The reports are to be filed electronically as prescribed. The County filed the reports as prescribed; however, a proper system of internal controls was not in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

JACKSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The County had not established effective internal controls over the federal award information entered in the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's SEFA. Although one employee prepared and entered the federal award information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

Due to lack of effective internal controls, the SEFA presented for audit contained the following errors:

- The Equitable Sharing Program expenditures were overstated by \$40,520.
- The Immunization Cooperative Agreements program expenditures were understated by \$51,878, mostly due to some program expenditures being reported under an invalid Assistance Listings Number.
- Expenditures in the amount of \$54,959 were reported under an invalid Assistance Listings Number, which overstated expenditures.
- The COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response expenditures were understated by \$34,369.
- Six additional grants had immaterial errors that resulted in misstatements of expenditures of \$14,597, in total.
- Two programs were omitted, which understated expenditures by \$6,649.
- Other errors included incorrect identifying numbers.

Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in this report.

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 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](#)."

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control . . ."

JACKSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.1 states in part:

". . . *Internal controls* for non-Federal entities means:

- (1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:
 - (i) Effectiveness and efficiency of operations;
 - (ii) Reliability of reporting for internal and external use; . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

- (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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 must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414."

JACKSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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. . . ."

Cause

Management of the County had not established an effective system of internal controls that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal controls in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

Views of Responsible Officials

For views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2023-002

Subject: Financial Transactions and Reporting - County Auditor
Audit Finding: Material Weakness

Condition and Context

The County is required to file reports after the close of each fiscal year. The reports are to be filed electronically as prescribed. The County filed the reports as prescribed; however, a proper system of internal controls was not in place to prevent, or detect and correct, errors on the County's Annual Financial Report (AFR) and financial statement.

The County Auditor had not designed or implemented a system of internal controls over the financial information entered in the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's AFR and financial statement. The County Auditor entered information into Gateway without an oversight or review process in place to ensure the accuracy of the AFR prior to submission.

JACKSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(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. . . ."

Cause

Management of the County had not established a proper system of internal controls that would have ensured accurate recording of financial transactions and reporting.

Effect

The failure to establish a system of internal controls could enable material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the County at risk that internal controls may not be either designed properly or operating effectively to provide reasonable assurance that internal controls will prevent, or detect and correct, material misstatements in a timely manner.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the County. The documents are presented as intended by the County.

Jackson County Auditor

Hans Eilbracht

111 S Main Street, Suite 118

Brownstown, IN 47220

812-358-6161

auditor@jacksoncounty.in.gov

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

September 12, 2024

FINDING 2021-001, 2022-01

Fiscal year in which the finding initially occurred: 2021

Current Audit Period: 1/1/2023 – 12/31/2023

Finding Subject: Preparation of the Schedule of Expenditures of Federal Awards

Summary of Finding: The County had not established effective internal controls over the federal award information entered in the Indiana Gateway for Government Units (Gateway) financial reporting system, which allowed material errors to occur and not be detected.

Status of Audit Finding: Not Corrected

Response Comments:

At the conclusion of the 2022 audit, the corrective action plan submitted by the auditor included having the plan implemented by March 1, 2024. The prior auditor was still in her position at that time. We, at the County, are not sure why she did not implement the plan to correct the issues uncovered at the prior audit. We have reviewed the plan related to correcting the items in finding number 2022-001, as submitted by the prior audit. Going forward, the Gateway federal award data will be input by an employee or official to be determined and reviewed by another employee or official to be determined, prior to submission.

**Jackson County Clerk's Office
109 S. Sugar Street, Suite 130
Brownstown, Indiana 47220
812.358.6116**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDING

FINDING 2022-002

**Fiscal year in which the finding initially occurred: 2022
Current Audit Period: 2023**

Finding Subject: 2022 Financial Transactions and Reporting – Clerk's Trust

Summary of Finding:

A single person processed disbursements without a review or oversight process in place.

Status of Audit Finding:

Fully Corrected and the original corrective action was implemented.

Response Comments:

NA



JACKSON COUNTY
SHERIFF'S DEPARTMENT

SHERIFF RICK MEYER

150 E SR 250 - Brownstown, Indiana 47220

Office: (812) 358-2141

Fax (812) 358-4675

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-003

Fiscal Year in which the finding initially occurred: 2022

Current Audit Period: 01/01/2023-12/31/2023

Finding Subject: Public Safety & Community Policing Grants - Reporting

Summary Finding: An effective internal control system, which would include segregation of duties, was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

There are no controls in place over the reporting requirements for performance reports. One employee prepares the report and submits it, with no one else involved in the process. While there was supporting documentation for the performance reports, there was no evidence of a review or approval process to ensure accuracy of the reports prior to submission.

Status of Audit Finding: Fully corrected

Response Comments: NA

JacksonCountySheriffIN.org

Jackson County Auditor

Hans Eilbracht

111 S Main Street, Suite 118

Brownstown, IN 47220

812-358-6161

auditor@jacksoncounty.in.gov

September 17, 2024

CORRECTIVE ACTION PLAN

FINDING 2023-001

Finding Subject: Preparation of the Schedule of Expenditures of Federal Awards

Summary of Finding: Jackson County did not have effective internal controls over reporting the federal award information submitted in the Gateway as part of the County's Annual Financial Report (AFR). The lack of effective internal controls resulted in material errors on the County's Schedule of Federal Awards Expended.

Contact Person Responsible for Corrective Action:

Hans Eilbracht, Jackson County Auditor

Contact Phone Number: (812) 358-6161

Contact Email: heilbracht@jacksoncounty.in.gov

Views of Responsible Official: We concur with the audit finding.

Description of Corrective Action Plan:

Gateway federal award data will be input by an employee or official to be determined and reviewed by employee or official to be determined, prior to submission.

Anticipated Completion Date: March 1, 2025

Jackson County Auditor

Hans Eilbracht

111 S Main Street, Suite 118

Brownstown, IN 47220

812-358-6161

auditor@jacksoncounty.in.gov

FINDING 2023-002

Subject: Financial Transactions and Reporting

Summary of Finding: Jackson County did not have effective internal controls over reporting the County's Annual Financial Report (AFR). The County's lack of effective internal controls resulted in errors in the financial information reported in the Gateway.

Contact Person Responsible for Corrective Action:

Hans Eilbracht, Jackson County Auditor

Contact Phone Number: (812) 358-6161

Contact Email: heilbracht@jacksoncounty.in.gov

Views of Responsible Official: We concur with the audit finding.

Description of Corrective Action Plan:

Gateway financial data will be input by employee or official to be determined and reviewed by employee or official, prior to submission.

Anticipated Completion Date: March 1, 2025

OTHER REPORTS

In addition to this report, other reports may have been issued for the County. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.