

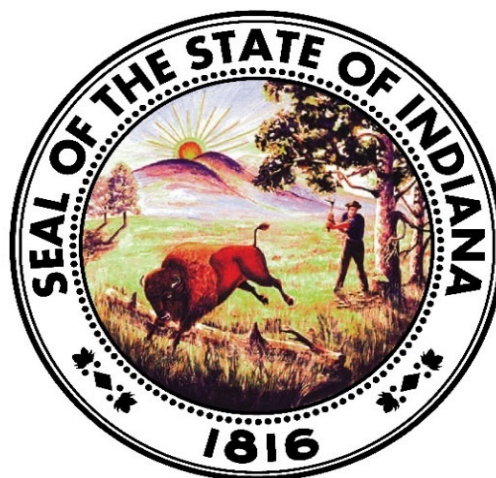
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

SUPPLEMENTAL COMPLIANCE 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 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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TO: THE OFFICIALS OF JACKSON COUNTY, INDIANA

This report is supplemental to the audit report of Jackson 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.

A handwritten signature in blue ink that reads "Beth Kelley".

Beth Kelley, CPA, CFE
Deputy State Examiner

September 18, 2024

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COUNTY AUDITOR
JACKSON COUNTY

COUNTY AUDITOR
JACKSON COUNTY
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

A similar comment appeared in prior Report B61624, entitled *ANNUAL FINANCIAL REPORT*.

Condition and Context

Financial, supplemental, and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The County had not established effective internal controls over the AFR information entered into Gateway, which resulted in the following errors:

Financial Information

Financial activity was incorrectly reported. The following errors were identified when comparing the financial statement to the County's financial records:

- One fund, the 2023 Residential WK Release, was omitted from the financial statement, resulting in an understatement of \$183,184 in both receipts and disbursements.
- The Local Road and Bridge Matching fund disbursements were understated by \$1,230,223, resulting in an understatement of cash and investment balance of \$1,230,223.

Audit adjustments were proposed, accepted by the County, and made to the financial statement and the Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis presented as Other Information in the Financial Statement Audit Report of the County.

Grant Information

- 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.

Adjustments were proposed, accepted by the County, and made to the Schedule of Expenditures of Federal Awards in the Federal Compliance Report of the County.

COUNTY AUDITOR
JACKSON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Capital Assets

The Capital Asset Schedule, as reported in Gateway, was incorrect. The capital assets were improperly reported using a net book value of \$119,564,693 instead of historical cost figures. Additionally, a detailed listing of capital assets owned by the County was not updated for 2023. The County requested the Schedule of Capital Assets not be included in the Financial Statement Audit Report of the County, due to it not being properly maintained during the audit period.

Accounts Payable and Accounts Receivable

The County reported accounts payable and accounts receivable in the amount of \$657,822 and \$253,837, respectively; however, no supporting documentation was presented. We were unable to determine the accuracy of the information. The County chose to not present the Schedule of Payable and Receivables in the Financial Statement Audit Report of the County.

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](#)."

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

COUNTY AUDITOR
JACKSON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

CAPITAL ASSETS

A similar comment appeared in prior Reports B60153 and B61624, entitled *CAPITAL ASSETS*.

Condition and Context

The County had not established effective internal controls over capital assets. Capital assets of the County were improperly recorded using net book value instead of historical cost figures. Additionally, a detailed listing of capital assets owned by the County was not updated for 2023.

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)

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MONTHLY AND ANNUAL UPLOADS

Condition and Context

The County Auditor did not establish an effective internal control over monthly and annual uploads. The County Auditor did not comply with the State Examiner Directive 2018-1. Monthly uploads for March 2023 through December 2023, were not uploaded until May 2024. In addition, no annual uploads were completed until August 2024.

COUNTY AUDITOR
JACKSON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. (Amended State Examiner Directive 2018-1, Updated November 9, 2020, and effective with uploads due February 15, 2021)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

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COUNTY AUDITOR
JACKSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 18, 2024, with Hans Eilbracht, County Auditor; Drew Markel, President of the Board of County Commissioners; Brady Riley, President of the County Council; and Amanda L. Lowery, County Council member.