

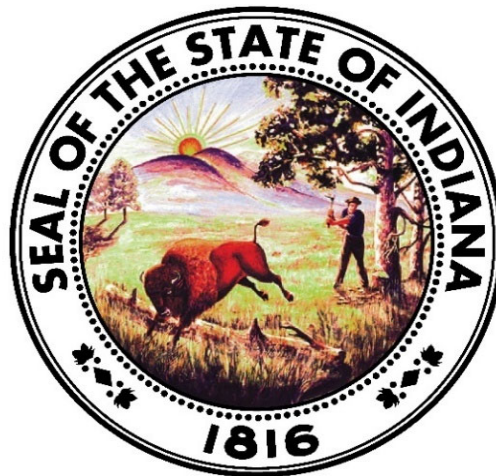
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

FEDERAL COMPLIANCE AUDIT REPORT

OF

JEFFERSON COUNTY, INDIANA

January 1, 2023 to December 31, 2023



**FILED**  
09/25/2024



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SCHEDULE OF OFFICIALS

| <u>Office</u>                                     | <u>Official</u>               | <u>Term</u>                                  |
|---|-------------------------------|--|
| County Auditor                                    | Heather Huff                  | 01-01-23 to 12-31-24                         |
| County Treasurer                                  | Meghan Hoskins                | 01-01-23 to 12-31-24                         |
| Clerk of the Circuit Court                        | Tabatha Eblen                 | 01-01-23 to 12-31-24                         |
| County Sheriff                                    | Benjamin Flint                | 01-01-23 to 12-31-24                         |
| County Recorder                                   | Molly O'Conner                | 01-01-23 to 12-31-24                         |
| President of the Board of<br>County Commissioners | Robert Little<br>David Bramer | 01-01-23 to 12-31-23<br>01-01-24 to 12-31-24 |
| President of the<br>County Council                | Ray Black, Jr.<br>Heather Foy | 01-01-23 to 12-31-23<br>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 JEFFERSON 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 Jefferson 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 10, 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, 2023-002, and 2023-003, 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 items 2023-001 and 2023-002.

***Jefferson 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 10, 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 JEFFERSON COUNTY, INDIANA

**Report on Compliance for Each Major Federal Program**

***Qualified and Unmodified Opinions***

We have audited Jefferson 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.

***Qualified Opinion on COVID-19 - Coronavirus State and Local Fiscal Recovery Funds***

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the COVID-19 - Coronavirus State and Local Fiscal Recovery Funds for the year ended December 31, 2023.

***Qualified Opinion on Community Development Block Grants/ State's program and Non-Entitlement Grants in Hawaii***

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified and Unmodified Opinions* section of our report, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii for the year ended December 31, 2023.

***Unmodified Opinion on the Other 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 its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2023.

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)

**Basis for Qualified and Unmodified Opinions**

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.

*Matter Giving Rise to Qualified Opinion on COVID-19 - Coronavirus State and Local Fiscal Recovery Funds*

As described in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding 21.027 COVID-19 - Coronavirus State and Local Fiscal Recovery Funds, as described in item 2023-004 for Procurement and Suspension and Debarment. Compliance with such requirement is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

*Matter Giving Rise to Qualified Opinion on Community Development Block Grants/State's program and Non-Entitlement Grans in Hawaii*

As described in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the County with 14.228 Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii, as described in item 2023-006 for Reporting. Consequently, we were unable to determine whether the County complied with those requirements applicable to that program.

**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.

**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.

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)

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.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-005. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The County's response to the noncompliance 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 compliance, and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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)

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. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2023-004, 2023-005, and 2023-006, to be material weaknesses.

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.

*Government Auditing Standards* require the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

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 10, 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 10, 2024

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.

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

| Federal Grantor Agency<br>Cluster Title/Program Title/Project Title   | Pass-Through Entity or Direct Grant           | Assistance<br>Listings<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number | Passed Through<br>to Subrecipient | Total<br>Federal Awards<br>Expended |
|---|---|----------------------------------|--|-----------------------------------|-------------------------------------|
| <u>Department of Housing and Urban Development</u>  |   |                                  |  |                                   |                                     |
| COVID-19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii<br>Community and Rural Affairs | Indiana Office of Community and Rural Affairs | 14.228                           | CV-CV1-233   | \$ -                              | \$ 72,755                           |
| Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii<br>CAC<br>OOR                             | Indiana Office of Community and Rural Affairs | 14.228                           | B22DC180001<br>B21DC180001                                 | 147,537<br>-                      | 147,537<br>68,845                   |
| Total - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii                                   |   |                                  |  | 147,537                           | 216,382                             |
| Total - Department of Housing and Urban Development   |   |                                  |  | 147,537                           | 289,137                             |
| <u>Department of Justice</u>  |   |                                  |  |                                   |                                     |
| Crime Victim Assistance<br>Crime Victim Assistance  | Indiana Criminal Justice Institute            | 16.575                           | VOCA-2022-00269  | -                                 | 47,938                              |
| Edward Byrne Memorial Justice Assistance Grant Program<br>Edward Bryne Memorial Justice<br>Edward Bryne Memorial Justice          | Indiana Criminal Justice Institute            | 16.738                           | JAG-2022-00059<br>JAG-2023-00089                           | -<br>-                            | 27,146<br>52,847                    |
| Total - Edward Byrne Memorial Justice Assistance Grant Program  |   |                                  |  | -                                 | 79,993                              |
| Total - Department of Justice   |   |                                  |  | -                                 | 127,931                             |
| <u>Department of Transportation</u>   |   |                                  |  |                                   |                                     |
| Highway Safety Cluster<br>State and Community Highway Safety<br>Criminal Justice Institute<br>SAVE Project                        | Indiana Criminal Justice Institute            | 20.600                           | SAVE-2023-00021<br>CHIRP-2023-00038                        | -<br>-                            | 4,941<br>5,450                      |
| Total - State and Community Highway Safety  |   |                                  |  | -                                 | 10,391                              |
| Total - Highway Safety Cluster  |   |                                  |  | -                                 | 10,391                              |
| Highway Planning and Construction<br>Bridge Inspection<br>Bridge Replacement<br>Bridge Inspection                                 | Indiana Department of Transportation          | 20.205                           | DES #1500208<br>DES #2002980<br>DES #2101186               | -<br>-<br>-                       | 2,744<br>93,794<br>97,697           |
| Total - Highway Planning and Construction   |   |                                  |  | -                                 | 194,235                             |
| Interagency Hazardous Materials Public Sector Training and Planning Grants<br>Emergency/ Right To Know                            | Indiana Department of Homeland Security       | 20.703                           | FR-2023-HMEP-01046   | -                                 | 11,750                              |
| Total - Department of Transportation  |   |                                  |  | -                                 | 216,376                             |
| <u>Department of the Treasury</u>   |   |                                  |  |                                   |                                     |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds<br>ARPA  | Direct Grant                                  | 21.027                           | 2023   | -                                 | 217,318                             |
| Total - Department of the Treasury  |   |                                  |  | -                                 | 217,318                             |

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

| Federal Grantor Agency<br>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 |
|---|---|----------------------------|---|--------------------------------|-------------------------------|
| <u>Department of Health and Human Services</u>  |   |                            |   |                                |                               |
| Public Health Emergency Preparedness<br>Public Health Emergency Preparedness  | Indiana State Department of Health      | 93.069                     | 6NU90TP922052                                     | -                              | 11,539                        |
| Immunization Cooperative Agreements<br>Immunization and Vaccine for Children  | Indiana State Department of Health      | 93.268                     | NH23IP922631                                      | -                              | 42,985                        |
| COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)<br>FY22 Covid Testing site Grant                              | Indiana State Department of Health      | 93.323                     | NU50CK000503                                      | -                              | 110,000                       |
| Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response<br>Workforce Development COAG | Indiana State Department of Health      | 93.354                     | NU90TP922179                                      | -                              | 110,600                       |
| Child Support Enforcement<br>Program Income   | Indiana Department of Child Services    | 93.563                     | 2023  | -                              | 1,506                         |
| Prosecutor Incentive  |   |                            | 2023  | -                              | 51,487                        |
| Clerk Incentive   |   |                            | 2023  | -                              | 29                            |
| County Incentive  |   |                            | 2023  | -                              | 6,748                         |
| Child Support Prosecutor  |   |                            | 2023  | -                              | 115,035                       |
| Child Support Clerk   |   |                            | 2023  | -                              | 22,973                        |
| Child Support Court   |   |                            | 2023  | -                              | 5,054                         |
| Child Support Indirect Costs  |   |                            | 2023  | -                              | 26,718                        |
| Total - Child Support Enforcement   |   |                            |   | -                              | 229,550                       |
| Opioid STR<br>Opioid Response   | Indiana Supreme Court                   | 93.788                     | 22-5JC89-C39                                      | -                              | 52,463                        |
| Total - Department of Health and Human Services   |   |                            |   | -                              | 557,137                       |
| <u>Department of Homeland Security</u>  |   |                            |   |                                |                               |
| Emergency Management Performance Grants<br>EMA Salary   | Indiana Department of Homeland Security | 97.042                     | 22EMPG  | -                              | 30,000                        |
| BRIC: Building Resilient Infrastructure and Communities   | Indiana Department of Homeland Security | 97.047                     | EMC-2020-PC-0002                                  | -                              | 9,729                         |
| Homeland Security Grant Program<br>Town of Hanover Water Treatment  | Indiana Department of Homeland Security | 97.067                     | EMW-2021-SS-00032                                 | -                              | 29,330                        |
| Total - Department of Homeland Security   |   |                            |   | -                              | 69,059                        |
| Total federal awards expended   |   |                            |   | \$ 147,537                     | \$ 1,476,958                  |

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

JEFFERSON 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.

JEFFERSON 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?  | yes           |
| Significant deficiencies identified?   | none reported |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | yes           |

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 |
|----------------------------|---|----------------|
| 14.228                     | Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | Qualified      |
| 20.205                     | Highway Planning and Construction   | Unmodified     |
| 21.027                     | COVID-19 - Coronavirus State and Local Fiscal Recovery Funds                            | Qualified      |

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.

JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*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.

The County had not established 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 Schedule of Expenditures of Federal Awards (SEFA). No evidence was presented for audit that indicated someone other than the person that prepared and entered the federal grant information into Gateway reviewed the information for completeness and accuracy.

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

- The Child Support Enforcement program expenditures were omitted, which understated expenditures by \$229,550.
- The Immunization Cooperative Agreements program was overstated by \$126,668.
- The Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response program expenditures were omitted, which understated expenditures by \$110,600.
- The COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) program expenditures were omitted, which understated expenditures by \$110,000.
- The Highway Planning and Construction program expenditures were understated by \$83,695.
- The Opioid STR program expenditures were understated by \$52,463.
- The Crime Victim Assistance program expenditures were overstated by \$40,910.
- The Edward Byrne Memorial Justice program expenditures were overstated by \$40,008.
- The Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii program expenditures were understated by \$42,234.
- Several additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$24,552, in total.
- Other errors included incorrect or omitted Assistance Listings Numbers, program names, identifying numbers, and incorrect amounts reported as passed through to subrecipients.

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

*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:

JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

"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](#)."

The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Cities and Towns, Chapter 1)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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. . . ."

JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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."

*Cause*

Management of the County had not established a 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 the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2023-002***

Subject: Financial Transactions and Reporting - County Treasurer  
Audit Findings: Material Weakness, Noncompliance

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-002.

*Condition and Context*

The County Treasurer did not have a proper system of internal controls in place over financial transactions and reporting to prevent, or detect and correct, errors in cash and investments. The County Treasurer had not established internal controls to ensure monthly bank reconciliations were complete and accurate, and to ensure financial activity was accurately recorded in the County Treasurer's Daily Balance of Cash and Depositories (County Treasurer's Cash Book) and reported.

Additionally, the County Treasurer had not established internal controls to ensure accurate reporting of the Supplemental Annual CAR-1 report. No evidence was presented for audit to indicate that someone other than the person who prepared the Supplemental CAR-1 report reviewed the information for completeness and accuracy.

Due to the lack of effective internal controls, the following deficiencies were identified:

- Monthly bank reconciliations were not performed for most of the year for the self-insurance and revolving loan depository accounts. Bank reconciliations were performed for the other depository accounts; however, all of the reconciliations selected for testing during the year were not completed timely and some were as many as eight months late. In addition, the reconciliations contained numerous errors, and the incorrect balance was used to reconcile. The December 31, 2023 bank reconciliation completed by the County Treasurer had an outstanding EFT total of \$7,350,327. Of that amount, it was determined that \$6,170,978 were for fund-to-fund transfers that were traceable to the County's disbursements with matching receipt transactions. After removing the \$6,170,978 from the outstanding transactions listing, a cash short difference of \$235,656 existed between the depository account balances and the funds ledger balance.
- Several errors were identified with the activity recorded in the County Treasurer's Cash Book. The amount reported for after-settlement collections contained a negative unidentified variance of \$8,645. The monies on hand at the various bank depository accounts did not agree with the total monies on hand for after settlement collections and the fund ledger balance. An entry was included in the bank depository account as a negative \$7,600 in order to force the depository account balance totals to agree with the total fund ledger and after settlement collections total.
- The Monthly Financial Statement, Form No. 61, was a permanent record prepared from the County Treasurer's funds ledger at the close of each month. It was reconciled on a monthly basis with a similar statement kept by the County Auditor. This reconciliation process did not have a reconciling difference during the year; however, the County Treasurer's funds ledger (subsidiary record) and the County Treasurer's Cash Book (internal control record) were not in agreement and the difference between the two records increased throughout the year. On December 31, 2023, the subsidiary record balance was \$5,862,315 less than the internal control record balance.

JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- The County Treasurer's Monthly Financial Report (Form 47TR) was to be prepared monthly in quadruplicate with one copy retained by the County Treasurer and three copies filed with the County Auditor for transmission to the Board of Finance, Board of County Commissioners, and Indiana State Board of Accounts, respectively. The reported deposits in transit and outstanding warrants were not properly reported as intended for the Form 47TR. The outstanding warrants totals column was a net total from the monthly bank reconciliation for transactions related to outstanding checks, EFT debits, and deposits in transit. The deposits in transit totals column was calculated by taking the beginning balance from the Cash Book for the month and subtracting the bank statement's ending balance, resulting in a plug number.

*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 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of the public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balances must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

The supplemental annual report forms are submitted by other county offices and departments to be used by the county auditor to provide complete financial information for the annual report by reporting financial activity that is maintained outside of the county auditor's system. The supplemental annual reports are only to be submitted with financial activity that is not eventually accounted for in the county's general ledger system. For example, the recorder's office may maintain a cashbook and an outside bank account, but those receipts are turned over monthly and accounted for monthly in the auditor's system and so would not be reported on the supplemental annual report, even that portion at year end that has yet to be remitted to the county auditor's office. (County Bulletins and Uniform Compliance Guidelines, December 2023)

JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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 Treasurers of Indiana, Chapter 1)

Indiana Code 5-13-5-1(a) states:

"Every public officer who receives or distributes public funds shall:

- (1) keep a cashbook into which the public officer shall enter daily, by item, all receipts of public funds; and
- (2) balance the cashbook daily to show funds on hand at the close of each day."

The Monthly Financial Statement, Form 61, is a permanent record prepared from the treasurer's funds ledger at the close of each month. It is prepared after all postings to the ledger have been completed for the month and reflects the total receipts and disbursements and the balance for each fund for the month and for the year to date. The statement must agree with a similar statement kept by the county auditor, giving consideration to any adjustments required to reconcile the ledgers of the two offices. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 5)

The Treasurer's Daily Balance of Cash and Depositories, Form 47, is the record prescribed to enable the treasurer to comply with IC 5-13-5-1. It reflects the daily receipts and disbursements, total amount of cash and investments on hand, and a proof of the financial condition of the office at the close of the day.

The record is designed to be posted "daily," with a separate page for each day. The left side of the page shows the total amount of money for which the treasurer is accountable (charges) and the right side of the page shows the money on deposit invested or on hand (credits), as proof of the financial condition.

(Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 5)

On or before the 16th day of each month the treasurer shall prepare a report showing the financial condition of the office as of the close of business on the last day of the preceding month.

This report shall show the amounts with which the treasurer is chargeable for the various funds and accounts, the amounts with which the treasurer is credited for money on deposit, invested and cash on hand and any long or short at the close of each month. The report also provides space for reconciliation with depositories.

The report shall be prepared in quadruplicate and each copy shall be verified by certificate of the treasurer. The treasurer shall retain one copy as a public record in the office and three copies shall be filed with the county auditor. The county auditor shall file the original of said reports with the records of the county board of finance, one copy shall be presented to the board of county commissioners at its next regular meeting, and the county auditor shall immediately transmit one copy to the State Board of Accounts.

JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

This report has been prescribed by the state board of accounts and designated as Form 47TR. This form is self-explanatory and all of the information required can be obtained from the daily balance of cash and depositories, except for the bank balances shown on the bank statements and the amounts of the outstanding warrants which are obtained from the bank reconcilements.

(Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 5)

*Cause*

The County Treasurer had not established and implemented a proper system of internal controls over financial transactions and reporting to ensure accurate financial information was presented to the County Auditor, that bank reconcilements were completed properly, and that financial transactions were recorded properly.

*Effect*

Without a proper system of internal controls in place, the County's AFR contained errors, and the County Treasurer's monthly depository reconcilements did not properly identify differences between the depository and fund balances. In addition, without a properly completed depository reconciliation, the County's financial statement could be incomplete and contain uncorrected misstatements, which may mislead end users of the County's financial statement.

*Views of Responsible Officials*

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

**FINDING 2023-003**

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

*Condition and Context*

There were deficiencies in the internal control system of the County Auditor related to financial close and reporting and disbursements.

*Financial Close and Reporting*

The County Auditor had not designed or implemented a system of internal control over the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's Annual Financial Report (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.

*Disbursements*

The County did not have a proper system of internal controls over disbursements related to its Self-Insurance fund after August of 2023. Payments made to the County's third-party administrator for the processing of health insurance claims and payments of related administrative fees did not have a documented review and approval process to ensure the health insurance claims processed were for actual employees of the County.

JEFFERSON 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. In addition, management of the County had not established a system of internal controls to ensure proper review of self-insurance disbursements after a change in the software system in August of 2023.

*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**

**FINDING 2023-004**

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Suspension and Debarment  
Federal Agency: Department of the Treasury  
Federal Program: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds  
Assistance Listings Number: 21.027  
Federal Award Number and Years (or Other Identifying Number): 2023  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Modified Opinion

JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-003.

*Condition and Context*

Prior to entering into subawards and covered transactions with the COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (SLFRF) award funds, recipients are required to verify that such contractors and subrecipients are not suspended, debarred, or otherwise excluded. "Covered transactions" include, but are not limited to, contracts for goods and services awarded under a nonprocurement transaction (i.e., grant agreement) that are expected to equal or exceed \$25,000. The verification is to be done by checking the Excluded Parties List System (EPLS), collecting a certification from that person, or adding a clause or condition to the covered transaction with that person.

The County did not have any policies or procedures in place related to the suspension and debarment requirements. A population of three covered transactions, totaling \$145,166, that equaled or exceeded \$25,000 paid from SLFRF funds were identified. All three covered transactions were selected for testing. For each of the three transactions, the County did not verify the vendors' suspension or debarment status prior to payment due to the County not having any policies or procedures in place to verify that contractors were neither suspended nor debarred, or otherwise excluded or disqualified, from participating in federal assistance programs or activities.

The lack of internal controls and noncompliance were systemic throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

31 CFR 19.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking the *EPLS*; or
- (b) Collecting a certification from that person if allowed by this rule; or
- (c) Adding a clause or condition to the covered transaction with that person."

JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

The County's purchasing policy does not include procedures to verify suspension and debarment status for covered transactions it intends to pay with federal funds. The County was not aware of the suspension and debarment requirements at the time the covered transactions were entered into. Furthermore, due to the timing of the prior audit completion, corrective actions, as outlined in the County's corrective action plan for item 2022-003, could not be implemented in time to correct the noncompliance for this audit period.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, the County cannot ensure that contractors paid with federal funds are eligible to participate in federal programs. Any program funds the County used to pay contractors that have been suspended or debarred would be unallowable, and the funding agency could potentially recover them.

Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the County.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that management of the County establish a proper system of internal controls, including strengthening its policies and procedures, to ensure that all contractors that are paid \$25,000 or more, all or in part with federal funds, are not suspended or debarred from participating in federal programs before entering into contracts.

*Views of Responsible Officials*

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

**FINDING 2023-005**

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Reporting  
Federal Agency: Department of the Treasury  
Federal Program: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds  
Assistance Listings Number: 21.027  
Federal Award Number and Year (or Other Identifying Number): 2023  
Compliance Requirement: Reporting  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-004.

JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition and Context*

Recipients are required to submit quarterly or annually Project and Expenditure (P&E) reports to the U.S. Department of the Treasury (Treasury). The reporting periods, as well as the respective due dates, are based upon type of recipient and its population, as well as the recipient's allocation amount. Information to be reported includes projects funded, expenditures, and contracts for the appropriate reporting period.

The County was classified as a metropolitan county with a population below 250,000 residents that received an allocation of less than \$10 million in COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (SLFRF). As such, the initial P&E report, covering the period from March 3, 2021 to March 31, 2022, was required to be submitted to the Treasury by April 30, 2022. The subsequent annual reports are to cover one calendar year and must be submitted to the Treasury by April 30 each year.

The County submitted one P&E report during the audit period; however, the report was submitted without a review or oversight process in place to prevent, or detect and correct, errors. As a result, errors in reporting were identified. The cumulative obligations and expenditures and current period obligations and expenditures were incorrectly reported. The cumulative obligations and expenditures and current period obligations reported was the total amount of grant funds received to date instead of actual funds obligated and expended. The current period expenditures reported equaled the total expenditures for 2022, rather than expenditures that occurred during the reporting period of April through December of 2022, and January through March of 2023.

The lack of internal controls and the failure to maintain adequate supporting documentation was isolated to the annual P&E report.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Coronavirus State and Local Fiscal Recovery Funds Compliance and Reporting Guidance*, page 10, states in part:

". . . **10. Reporting.** All recipients of federal funds must complete financial, performance, and compliance reporting as required and outlined in Part 2 of this guidance. Expenditures may be reported on a cash or accrual basis, as long as the methodology is disclosed and consistently applied. Reporting must be consistent with the definition of expenditures pursuant to 2 CFR 200.1. Your organization should appropriately maintain accounting records for compiling and reporting accurate, compliant financial data, in accordance with appropriate accounting standards and principles. . . ."

31 CFR 35.4(c) states in part: "*Reporting and requests for other information.* During the period of performance, recipients shall provide to the Secretary periodic reports providing detailed accounting of the uses of funds, . . ."

JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

The County's oversight process for filing the P&E report for the period of April 1, 2022 to March 31, 2023, did not detect errors. Furthermore, due to the timing of the prior audit completion and the P&E report submission due dates, corrective actions as outlined in the County's corrective action plan for item 2022-004 could not be implemented in time to correct the noncompliance for this audit period.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As such, the County did not report cumulative obligations and current period obligations properly when filing the P&E report for the period April 1, 2022 to March 31, 2023.

Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the County. In addition, not meeting the SLFRF reporting requirements increases the likelihood that the public will not have access to transparent and accurate information regarding expenditures of federal awards.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that management of the County strengthen its system of internal controls to provide for a segregation of duties in the preparation and review of federal reports to ensure appropriate reviews, approvals, and oversight are taking place. We also recommended the development of policies and procedures to ensure the County provides the Treasury with complete and accurate information for the P&E report.

*Views of Responsible Officials*

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

**FINDING 2023-006**

Subject: COVID-19 - Community Development Block Grants/State's program  
and Non-Entitlement Grants in Hawaii- Reporting  
Federal Agency: Department of Housing and Urban Development  
Federal Programs: COVID-19 - Community Development Block Grants/State's  
program and Non-Entitlement Grants in Hawaii  
Assistance Listings Number: 14.228  
Federal Award Number and Year (or Other Identifying Number): CV-CV1-233  
Pass-Through Entity: Indiana Office of Community and Rural Affairs  
Compliance Requirement: Reporting  
Audit Findings: Material Weakness, Modified Opinion

JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition and Context*

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement. The pass-through agency required the County to submit a CDBG-CV report on Jobs Retained.

The County collected the required information via phone calls made by one individual who compiled the information and submitted the required CDBG-CV report on Jobs Retained for the grant program without a documented oversight or review process. Furthermore, supporting documentation for the report was not retained for audit. Due to the lack of supporting documentation, we were unable to determine the accuracy of the report submitted.

The lack of internal controls and the failure to maintain adequate supporting documentation was isolated to the CDBG-CV Report on Jobs Retained report.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.334 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

*Cause*

Management had not established a system of internal controls that would have ensured that adequate supporting documentation would have been maintained and made available for audit.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As such, we could not determine the County's compliance with the CDBG-CV Report on Jobs Retained report.

Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the County.

JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that management of the County strengthen its system of internal controls to provide for a segregation of duties in the preparation and review of federal reports to ensure appropriate reviews, approvals, and oversight are taking place. We also recommended strengthening its policies and procedures to ensure appropriate supporting documentation is retained to be presented for audit.

*Views of Responsible Officials*

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

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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.



The Office of:

**HEATHER HUFF**

**COUNTY AUDITOR**

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Finding 2022-001 and Finding 2021-001

Fiscal year in which the finding initially occurred: 2020

Current Audit Period: FY 2023

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

**Summary of Finding:** Preparation of the Schedule of Federal Awards

**Status of Audit Finding:**

Preparation of the Schedule of expenditures of Federal Awards Audit Findings: Material Weakness, Noncompliance – Errors were identified on the SEFA.

Repeat finding: This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2021-001.

Auditor implemented a Grant Summary Report, keeping copies of grant contracts. Also working on saving a digital copy of all grant documents. Not Corrected at this time.

**Response Comments:**

Year after year offices fail to get information to the Auditor's Office. At AFR time the Auditor is constantly trying to collect information, while most offices are compliant others are hard to work with. The auditor is to finish working with the County Attorney to develop a grant application policy.

## JEFFERSON COUNTY TREASURER

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2022-002, FINDING 2021-002**

**Fiscal year in which the finding initially occurred: 2020**  
**Current Audit Period: FY 2023**

**Finding Subject: Financial Transactions and Reporting – County Treasurer**

**Summary of Finding:**

*Internal controls were not established over financial transactions and reporting to prevent, or detect and correct, errors in cash and investments. Internal controls were not in place to ensure monthly bank reconciliations were complete and accurate, and to ensure financial activity was accurately recorded in the County Treasurer's Daily Balance of Cash and Depositories and Form 47 (Treasurer's Cash Book). An internal control process was also not established over the accurate submission of the Supplemental Annual Financial Report (CAR-1 report).*

*Monthly bank reconciliations weren't performed for the self-insurance and revolving loan depository accounts. Other reconciliation errors existed resulting in a December 31, 2022, cash short difference. The Treasurer's Cash Book contained a negative unidentified variance for after-settlement collections along with an entry for the bank depository account side of the cash book to make the depository account balance totals agree with the fund ledger and after-settlement collections total. The County Treasurer's funds ledger (subsidiary record) and the Treasurer's Cash Book (control record) were not in agreement. The County Treasurer's Monthly Financial Report (Form 47TR) information could not be traced to supporting documentation.*

**Status of Audit Finding:**

*All findings are not corrected in 2023. With taking over the office, I was not fully able to implement the planned corrective action. With the new software conversion that took place late 2023, it has taken some time to implement the proper training and controls.*

**Response Comments:**

*Corrections are implemented in 2024. We will have an internal control process over the CAR-1 report and Cashbook/Bank Reconciliation to ensure that we will have enhanced accuracy over the reporting of financial information. A deputy will prepare them and then they will be checked by the Treasurer.*

*We have switched our financial software program to LOW late 2023 and are still working on cleaning up from the previous software program. We are balancing with the Auditor's office on a daily basis and are able to complete Form 61 and Form 47 TR which are being uploaded into Gateway.*



The Office of:

**HEATHER HUFF**

**COUNTY AUDITOR**

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2021-006**

**Fiscal year in which the finding initially occurred: 2021**

**Current Audit Period: FY 2023**

**Finding Subject: COVID-19- Community Development Block Grants/ State's program and non- entitlement grants in Hawaii- Reporting**

**Summary of Finding:**

An effective internal control system was not in place at the County to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement. The County had not established a system of internal control to ensure that proper documentation was retained for audit. The County submitted the required CDBG-CV Reports on Jobs Retained for the grant program, but did not retain supporting documentation for audit. Due to the lack of supporting documentation, we were unable to determine the accuracy of the report submitted.

**Status of Audit Finding:**

*Not Corrected*

**Response Comments:**

*The controls that were attempted were not followed through with the change of employment from Erica Cline to Brian Amick. These will be adhered to going forward.*



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### FINDING 2022-003

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: FY 2023

**Finding Subject:** COVID-19 Coronavirus and Local Fiscal Recovery Funds- Procurement and Suspension and Debarment.

**Summary of Finding:** Procurement and suspension and debarment. Audit Findings: Material Weakness, Modified Opinion. Verification was not being performed to determine if contractors and subcontractors had been suspended, debarred, or excluded from participating in federal awards.

#### **Status of Audit Finding:**

Not corrected. Any awards approved by the County in 2024 will accompany an award agreement in which the recipient will agree to the terms and use agreement of receiving the award, along with certifying that they are eligible to receive federal awards and have not been disbarred.

#### **Response Comments:**

The County Council has not approved additional awards since the 2023 awards that were in questions.



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FINDING 2022-004

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: FY 2023

**Finding Subject:** Covid-19 coronavirus and local fiscal recovery funds- reporting

**Summary of Finding:** Audit Findings: Material weakness, Other Matters – SLFRF Report for the period ending March 31, 2023, contained incorrect amounts.

**Status of Audit Finding:**

Not Corrected. Reported actual spent dollars when reporting for 2023. That being said, the system has changed and everything we were planning on doing no longer applied.

**Response Comments:**

System and questions have changed every year since grant was established. Reviews will be performed to verify that amounts agree to financial records.



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## CORRECTIVE ACTION PLAN

### ***FINDING 2023-001***

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

**Summary of Finding:**

Preparation of the Schedule of Expenditures of Federal Awards Audit Findings: Material Weakness, Noncompliance Errors were identified with the SEFA. Reviews should be in place to identify errors prior to submission to Gateway.

**Contact Person Responsible for Corrective Action: Heather Huff**

**Contact Phone Number and Email Address: 812-274-3866 heather.huff@jeffersoncounty.in.gov**

**Views of Responsible Officials:**

We concur with the findings.

**Explanation and Reasons for Disagreement: n/a**

**Description of Corrective Action Plan:**

The Auditor's Office will work closely with other Officials to collect all grant information to effectively report. The grant summary cover sheet will be used along with working closely with AP/ Receivable. The County will explore a grant policy to streamline this process.

**Anticipated Completion Date:**

12-31-2024

## JEFFERSON COUNTY TREASURER

8/28/2024

### CORRECTIVE ACTION PLAN

#### FINDING 2023-002

Finding Subject: Financial Transaction and Reporting – Treasurer

Summary of Finding: Financial Transactions and Reporting – Material Weakness and Noncompliance  
Some bank reconciliations were not being performed and the ones performed contained errors. Errors were identified on the Cash Book. Not balancing monthly with the County Auditor using Form 61 – Monthly Financial Statement.

Contact person Responsible for Correction Action: Meghan Hoskins  
Contact phone number: 812-265-8910

Views of Responsible Official: We concur with the finding

Description of Correction Action Plan:

We will have an internal control process over the CAR-1 report and Cashbook/Bank Reconciliation to ensure that we will have enhanced accuracy over the reporting of financial information. A deputy will prepare them and then they will be checked by the Treasurer.

We have switched our financial software program to LOW late 2023 and are still working on cleaning up from the previous software program. We are balancing with the Auditor's office on a daily basis and are able to complete Form 61 and Form 47 TR which are being uploaded into Gateway.

Anticipated Completion Date: 12/31/2024



The Office of:

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**COUNTY AUDITOR**

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## CORRECTIVE ACTION PLAN

### ***FINDING 2023-003***

**Finding Subject: Financial Transactions and Reporting – County Auditor**

**Summary of Finding:**

Financial Transactions and Reporting – Material Weakness

Annual Financial Report did not have a separate review prior to submission and self-insurance claims were not being reviewed prior to payment.

**Contact Person Responsible for Corrective Action: Heather Huff**

**Contact Phone Number and Email Address: 812-274-3866 heather.huff@jeffersoncounty.in.gov**

**Views of Responsible Officials:**

We concur with the findings.

**Explanation and Reasons for Disagreement: n/a**

**Description of Corrective Action Plan:**

The Auditor's Office process changed when reporting for 2023. In the future the Auditor will pull a copy of the AFR and upload the information to Gateway. The Auditor will verify the report to the upload, and then have another Auditor's Office employee verify the information is uploaded as in the financial software, and then sign off on the report. The report will be retained for SBOA audits.

The County HR and Payroll will now have a log of approved payments by the 3rd party administrator for the County's Self Insured Policy.

**Anticipated Completion Date:**

12-31-2024 no later then 3-1-25 when the AFR is due.



The Office of:

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**COUNTY AUDITOR**

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## CORRECTIVE ACTION PLAN

### ***FINDING 2023-004***

**Finding Subject:** COVID-19 Coronavirus State and Local Fiscal Recovery funds- Suspension and Debarment

**Summary of Finding:** Suspension and Debarment - Audit findings: Material Weakness, Modified Opinion  
Verification was not being performed to determine if vendors were suspended, debarred, or excluded from participating in federal awards.

**Contact Person Responsible for Corrective Action:** Heather Huff

**Contact Phone Number and Email Address:** 812-274-3866 heather.huff@jeffersoncounty.in.gov

### **Views of Responsible Officials:**

We concur with the findings.

**Explanation and Reasons for Disagreement:** n/a

### **Description of Corrective Action Plan:**

The Auditor's Office is working on a Procurement Policy to be presented to Commissioners. Disbursements from ARPA funds will strictly follow this policy. Any disbursements must comply with an agreement stating they, or the company have not been disbarred.

### **Anticipated Completion Date:**

12-31-2024



The Office of:

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## CORRECTIVE ACTION PLAN

### ***FINDING 2023-005***

**Finding Subject:** COVID 19 - Coronavirus State and Local Fiscal Recovery Funds - Reporting

**Summary of Finding:** Reporting – Material Weakness, Other Matters  
Errors were identified with the Report filed for the period ending March 31, 2023.

**Contact Person Responsible for Corrective Action: Heather Huff**  
**Contact Phone Number and Email Address: 812-274-3866 heather.huff@jeffersoncounty.in.gov**

**Views of Responsible Officials:**  
We concur with the findings.

**Explanation and Reasons for Disagreement: n/a**

### **Description of Corrective Action Plan:**

The Auditor's Office followed the procedure that was believed to be true at the time. The Auditor's Office will provide a report for a Commissioners to view once agreed upon that information will be uploaded, and printed with an Auditor's Office signature and confirmation from a Commissioners for verification.

**Anticipated Completion Date:**  
12-31-2024



The Office of:

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**COUNTY AUDITOR**

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**FINDING 2023-006**

**Finding Subject:** Community Development Block Grants/ State's program and non-Entitlement Grants in Hawaii Reporting

**Summary of Finding:** Reporting - Material Weakness, Modified Opinion  
Supporting documentation was not retained to be able to verify the information presented in the CDBG-CC Report on Jobs Retained report.

**Contact Person Responsible for Corrective Action:** Heather Huff  
**Contact Phone Number and Email Address:** 812-274-3866 heather.huff@jeffersoncounty.in.gov

**Views of Responsible Officials:**  
We concur with the findings.

**Explanation and Reasons for Disagreement:** n/a

**Description of Corrective Action Plan:**

The original Corrective Action plan from 2021 audit was not followed once the previous employee was no longer with Jefferson County. The current employee will be documenting all reporting requirements with the Auditor's Office and retaining a copy of the balance. Jefferson County is also working with Department of Housing and Urban Development to eliminate the loan cycle and establish a one time grant.

**Anticipated Completion Date:**  
12-31-2024

## 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/>.