

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

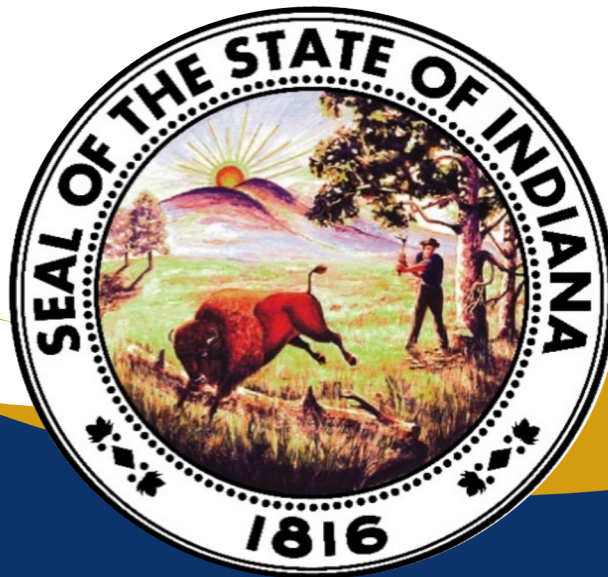
**Paul D. Joyce, CPA
State Examiner**

SUPPLEMENTAL COMPLIANCE REPORT

OF

JOHNSON COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED

12/23/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Elizabeth A. Alvey	01-01-23 to 12-31-26
County Treasurer	Michele Ann Graves	01-01-17 to 12-31-24
Clerk of the Circuit Court	Trena McLaughlin	01-01-19 to 12-31-26
County Recorder	Teresa Petro	01-01-19 to 12-31-26
County Sheriff	Duane Burgess	01-01-19 to 12-31-26
County Surveyor	Gregg Cantwell	01-01-17 to 12-31-24
County Coroner	Mike Pruitt	01-01-21 to 12-31-24
County Prosecutor	Lance Hamner	01-01-23 to 12-31-26
County Assessor	Mike Watkins	01-01-23 to 12-31-26
President of the Board of County Commissioners	Brian P. Baird	01-01-21 to 12-31-24
President of the County Council	Jonathan T. Myers Pamela J. Burton	01-01-23 to 12-31-23 01-01-24 to 12-31-24



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF JOHNSON COUNTY, INDIANA

This report is supplemental to the audit report of Johnson 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 Annual Financial Report of the County, which provides our opinions on the County's financial statements. 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 Result and Comment contained herein describes 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 Result and Comment, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

October 29, 2024



COUNTY AUDITOR
JOHNSON COUNTY

COUNTY AUDITOR
JOHNSON COUNTY
AUDIT RESULT AND COMMENT

ANNUAL FINANCIAL REPORT - SUPPLEMENTARY INFORMATION

Condition and Context

The County is required to report grant information in its Annual Financial Report, which is the basis for the Schedule of Expenditures of Federal Awards (SEFA) presented in the Federal Compliance Report of the County after the close of each fiscal year. The County's SEFA was prepared by the Deputy County Auditor and reviewed by the County Auditor prior to submission; however, the internal controls over the federal award information were not effective and did not detect or correct errors prior to submission.

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

- The Disaster Grants - Public Assistance (Presidentially Declared Disasters) program expenditures were understated by \$413,427 due to the County not including the discretely presented component unit's federal expenditures on the SEFA.
- The Federal Transit Formula Grants expenditures were overstated by \$409,850 due to a program erroneously being included on the SEFA twice. Additionally, the Assistance Listings Number was incorrect, and the expenditures should have been reported as the Federal Transit Formula Grants instead of the Formula Grants for Rural Areas and Tribal Transit Program.
- Ten additional grants had individually immaterial errors that led to misstatements of expenditures of \$59,237, in total.

Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in the Federal Compliance Audit Report of the County.

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:

COUNTY AUDITOR
JOHNSON COUNTY
AUDIT RESULT AND COMMENT
(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](#)."

COUNTY AUDITOR
JOHNSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 29, 2024, with Elizabeth A. Alvey, County Auditor; Amy Thompson, Deputy County Auditor; John Ditmars, County Council member; and Barb Davis, County Commissioner Coordinator.