

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

JACKSON COUNTY, INDIANA

January 1, 2015 to December 31, 2015



FILED
07/28/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Kathy S. Hohenstreiter	01-01-13 to 12-31-20
County Treasurer	Maria L. Fisher Roger D. Hurt	01-01-13 to 12-31-16 01-01-17 to 12-31-20
Clerk of the Circuit Court	Amanda L. Lowery	01-01-15 to 12-31-18
County Sheriff	Michael E. Carothers	01-01-15 to 12-31-18
County Recorder	Linda Jo Auleman	01-01-15 to 12-31-18
President of the Board of County Commissioners	Jerry Hounshel Matt Reedy	01-01-15 to 12-31-15 01-01-16 to 12-31-17
President of the County Council	Leon Pottschmidt Charlie S. Murphy Bridey K. Jacobi	01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDIANAPOLIS, INDIANA 46204-2769

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TO: THE OFFICIALS OF JACKSON COUNTY, INDIANA

This report is supplemental to our audit report of Jackson County (County), for the period from January 1, 2015 to December 31, 2015. It has been provided as a separate report so that the reader may easily identify any Federal Findings that pertain to the County. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the County, which provides our opinions on the County's financial statement and federal program compliance. This report may be found at www.in.gov/sboa.

The Federal Findings, identified in the above referenced audit report, are included in this report.

Any Corrective Action Plan for the Federal Findings, incorporated within this report, was not verified for accuracy.

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

May 15, 2017

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COUNTY AUDITOR
JACKSON COUNTY

COUNTY AUDITOR
JACKSON COUNTY
FEDERAL FINDING

**FINDING 2015-001 - PREPARATION OF THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

Condition

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). Documentation was not presented to indicate the information on the SEFA was reviewed and approved by anyone other than the preparer.

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 had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA could have remained undetected.

Views of Responsible Officials

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



Kathy S. Hohenstreiter
Auditor of Jackson County

Courthouse

111 South Main Street
Suite 118
Brownstown, IN 47220

Phone: 812-358-6161
Fax: 812-358-6172

Email: auditor@jacksoncounty.in.gov

FINDING 2015-001-PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person Responsible for Corrective Action: County Auditor-Kathy S. Hohenstreiter
Contact Phone Number: 812-358-6161

We concur with the findings.

Information that is entered into the SEFA comes from Departments with federal distributions. SEFA Information is reviewed by Auditor/preparer and department head for accuracy. In addition to department head review, the 1st deputy in Auditor office reviews information entered for accuracy and after review initials and dates.

Anticipated Completion Date: Corrective plan was implemented for 2016 SEFA reporting

Kathy S. Hohenstreiter
Signature

County Auditor
Title

May 8, 2017
Date

COUNTY AUDITOR
JACKSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on May 15, 2017, with Kathy S. Hohenstreiter, County Auditor; Bridey K. Jacobi, President of the County Council; Matt Reedy, President of the Board of County Commissioners; and Bob Gillaspay, County Commissioner.

CLERK OF THE CIRCUIT COURT
JACKSON COUNTY

CLERK OF THE CIRCUIT COURT
JACKSON COUNTY
FEDERAL FINDING

**FINDING 2015-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS
AND REPORTING - CLERK OF THE CIRCUIT COURT**

Condition

The Clerk of the Circuit Court (Clerk) had not separated incompatible activities related to receipts, disbursements, and cash balances. One individual was responsible for preparing and making bank deposits; reconciling daily cash collections; preparing bank reconciliements; recording receipt and disbursements transactions in the ledger; recording adjustments in the ledger; issuing checks; and preparing the supplemental Annual Financial 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:

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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

The Clerk had not established a proper system of internal control.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

Views of Responsible Officials

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

Amanda L. Lowery
Clerk of Jackson County
Circuit and Superior Courts
PO Box 318 Brownstown, IN 47220
812.358.6117/812.358.6187(fax)
alowery@jacksoncounty.in.gov

Finding 2015-002

Contact Person: Amanda L. Lowery, Clerk
Contact Number: 812.358.6117

We concur with the findings.

DESCRIPTION OF CORRECTIVE ACTION PLAN:

The Jackson County Clerk of the Circuit Court has implemented the following corrective action plan, effective immediately.

Each employee posts payment into the Odyssey Court management system using an individualized, password protected user name. The child support, circuit, superior 1 and superior 2 cash drawers are counted at the end of business day by an employee at each office. The employee counting the drawer signs off and dates the receipt tape they produce when counting the drawer. The bookkeeper is not responsible for counting any cash drawers. The money and signed tapes are submitted to the bookkeeper for a second count and verification.

The clerk of 1st deputy will review and sign off on the daily balance report produced by the Odyssey Court Management System.. This provides a report of all payments and the employee responsible for posting the payments on a daily basis. It also will allow the clerk to review any adjustments that have been made. Payment adjustments are processed through an adjustment till in the Odyssey Court Management System.

The bookkeeper will prepare and make the daily child support deposit. The child support clerk will prepare and make the daily circuit/superior court deposit.

The Child Support clerk reconciles the child support account to the monthly bank statement. The bookkeeper reconciles the circuit/superior account to the monthly bank statement. The bookkeeper prepares the Monthly Report(form 46-CR) and the clerk reviews and signs off on the report.

The bookkeeper is responsible for the printing of checks. The bookkeeper queues the Disbursement Summary Report through the Odyssey Court Management System. Checks are queues from the previous week, and printed on Monday and Thursday. The bookkeeper reviews the report for a recipient name on each check scheduled to print. After verification of recipients,

checks are printed for distribution. The clerk or 1st deputy will review and sign off on the stubs from the printed checks that are retained for our records.

The bookkeeper prepares the Supplemental Annual Financial Report. The clerk reviews and signs off on the report that the information being submitted is true and correct.

ANTICIPATED COMPLETION DATE: May 1, 2017

Amanda L. Lowery
Signature

Clerk
Title

May 1, 2017
Date

CLERK OF THE CIRCUIT COURT
JACKSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on May 15, 2017, with Amanda L. Lowery, Clerk of the Circuit Court; Bridey K. Jacobi, President of the County Council; Matt Reedy, President of the Board of County Commissioners; and Bob Gillaspy, County Commissioner.

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COUNTY TREASURER
JACKSON COUNTY

COUNTY TREASURER
JACKSON COUNTY
FEDERAL FINDING

**FINDING 2015-003 - INTERNAL CONTROLS OVER FINANCIAL
TRANSACTIONS AND REPORTING - COUNTY TREASURER**

Condition

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

Lack of Segregation of Duties: The County had not separated incompatible activities related to cash and investments. Documentation was not presented indicating review and approval of the monthly reconciliations of the bank accounts by someone other than the person preparing them.

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:

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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

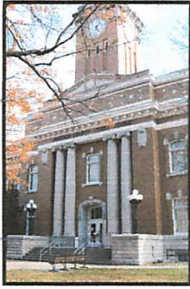
Management of the County had not established a proper system of internal control.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

Views of Responsible Officials

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



Office of the Treasurer of Jackson County

111 S. Main Street
Courthouse
Brownstown, IN 47220
812.358.6125 • Fax: 812.358.6172

FINDING 2015-003

Contact Person Responsible for Corrective Action: Roger D. Hurt
Contact Phone Number: 812-358-6126

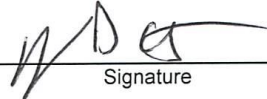
Views of Responsible Official: Based upon the reviews of the prior Treasurer, I Concur with the Findings

Description of Corrective Action Plan:

Department Policy on Bank Statement Reconcile with-in the LOW software Program:

1. The Treasurer prepares the Bank Statement reconcilements within the Auditor Financial Program.
2. The Chief Deputy reviews and verifies that all Deposits and Checks are accounted and a balance Difference of zero is achieved prior to the Treasurer finalization and archiving the statement by dating and initialing.
3. Copies are maintained in the system and a hard copy is stored in with the bank statement for review.

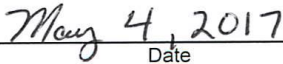
Anticipated Completion Date: This internal control will go into effect upon completion of department cross training of Chief Deputy and Treasurer / Estimated date 5-10-2017



Signature



Title



Date

COUNTY TREASURER
JACKSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on May 15, 2017, with Roger D. Hurt, County Treasurer; Bridey K. Jacobi, President of the County Council; Matt Reedy, President of the Board of County Commissioners; and Bob Gillaspay, County Commissioner.