

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

JASPER COUNTY, INDIANA

January 1, 2015 to December 31, 2017



FILED
05/23/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Kimberly K. Grow	01-01-13 to 12-31-20
County Treasurer	Carla S. Anderson Donya Jordan	01-01-13 to 12-31-16 01-01-17 to 12-31-20
Clerk of the Circuit Court	Vickie Bozell	01-01-15 to 12-31-18
County Sheriff	Terry J. Risner	01-01-15 to 12-31-18
President of the County Council	Rein O. Bontreger	01-01-15 to 12-31-18
President of the Board of County Commissioners	Kendell Culp	01-01-15 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF JASPER COUNTY, INDIANA

This report is supplemental to our audit report of Jasper County (County), for the period from January 1, 2015 to December 31, 2017. 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 our Financial Statements Audit 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 Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

April 23, 2018

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COUNTY AUDITOR
JASPER COUNTY

COUNTY AUDITOR
JASPER COUNTY
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

A similar comment appeared in prior Report B47502, entitled *FINDING 2014-004 PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*.

The County Auditor did not have a proper system of internal control in place to prevent, or detect and correct, errors in the federal grant information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system. The County Auditor failed to properly review the federal grant information prepared and submitted in Gateway, which was the source of the Financial Statement and the Annual Financial Reports (AFR), which included a Grant Schedule.

The grant information was prepared by the County Auditor and reviewed by a Deputy County Auditor; however, the review was ineffective. Documentation was not provided to ensure that reviews of the AFR and Grant Schedules were completed. The review failed to ensure that all federal grants were included, and that only federal grants, not state grants, were included. The lack of proper controls allowed the following errors on the AFRs and Grant Schedules:

1. The December 31, 2015 Grant Schedule omitted \$29,991 in federal grant disbursements.
2. The December 31, 2016 Grant Schedule overstated federal grant disbursements by \$6,160,961, in part, due to the inclusion of a state grant totaling \$6,141,833.
3. The December 31, 2017 Grant Schedule omitted \$51,542 in federal grant disbursements.

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

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

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

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

COUNTY AUDITOR
JASPER COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 5-11-1-4 (a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. 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."

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS

The County Auditor had designed and implemented controls over the Financial Transactions regarding Cash and Investments and Vendor Disbursements; however, no documentation was provided that the controls had been implemented.

Cash and Investments

It could not be substantiated that the County Auditor Fund Statement was reconciled to the County Treasurer's Cash Book on a monthly basis.

Vendor Disbursements

It could not be substantiated that the vouchers posted to the financial system were verified to the claims docket, which was approved by the Board of County Commissioners, and to the vouchers originally submitted for payment.

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

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COUNTY AUDITOR
JASPER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 23, 2018, with Kimberly K. Grow, County Auditor; Kendell Culp, President of the Board of County Commissioners; and Rein O. Bontreger, President of the County Council.

COUNTY TREASURER
JASPER COUNTY

COUNTY TREASURER
JASPER COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER CASH

The County Treasurer had designed and implemented controls over cash; however, no documentation was provided that the controls had been implemented. The County Treasurer stated that the monthly bank reconciliations were reviewed by the County Treasurer and that the County Auditor's Fund Statements were reconciled to the County Treasurer's Cash Book on a monthly basis. It could not be verified that the review of the County Treasurer's monthly bank reconciliations or that reconciliations of the County Auditor's Fund Statements to the County Treasurer's Cash Book occurred.

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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RECEIPTS

County property tax collections were not posted at the time of the transactions; instead, collections were posted at the end of the day. The computer software allowed for the issuance of receipts and the simultaneous posting of collections to the ledgers; however, the County Treasurer opted not to utilize this function.

The receipts for property tax collections issued by the County Treasurer did not indicate the composition (cash, checks, money orders, etc.) of the collections. As a result, it could not be verified whether the collections were deposited in the same form as received.

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

Indiana Code 5-13-6-1(c) states:

"Except as provided in subsections (d) and (g), all local officers, except township trustees, who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the several local boards of finance that have jurisdiction of the funds. The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month. Public funds deposited under this subsection shall be deposited in the same form in which they were received."

COUNTY TREASURER
JASPER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 23, 2018, with Donya Jordan, County Treasurer; Kimberly K. Grow, County Auditor; Kendell Culp, President of the Board of County Commissioners; and Rein O. Bontreger, President of the County Council.