

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

JOHNSON COUNTY, INDIANA

January 1, 2016 to December 31, 2016



**FILED**  
11/16/2018



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Pamela J. Burton	01-01-16 to 12-31-18
County Treasurer	Diane L. Edwards Michele Ann Graves	01-01-16 to 12-31-16 01-01-17 to 12-31-20
Clerk of the Circuit Court	Sue Anne Misiniec	01-01-16 to 12-31-18
County Sheriff	Doug Cox	01-01-16 to 12-31-18
County Recorder	Jill Jackson	01-01-16 to 12-31-18
President of the Board of County Commissioners	Brian P. Baird	01-01-16 to 12-31-18
President of the County Council	Brian Walker Beth Boyce Rob Henderson	01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 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](http://www.in.gov/sboa)

TO: THE OFFICIALS OF JOHNSON COUNTY, INDIANA

This report is supplemental to our audit report of Johnson County (County), for the period from January 1, 2016 to December 31, 2016. 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](http://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

October 3, 2018

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COUNTY AUDITOR  
JOHNSON COUNTY

COUNTY AUDITOR  
JOHNSON COUNTY  
FEDERAL FINDINGS

**FINDING 2016-001**

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. The prior audit finding number was 2015-001.

*Condition*

The County had not established effective internal controls over the financial information entered into the Indiana Gateway for Government Units financial reporting system, which was the source for the Schedule of Expenditures of Federal Awards (SEFA). One employee prepared the SEFA without evidence of a review or approval process, or other compensating controls.

*Context*

Due to the lack of controls, the SEFA contained the following errors:

1. The (WIC) Special Supplemental Nutritional Program for Women, Infants, and Children was overstated by \$70,743.
2. The Violence Against Women Formula Grant was understated by \$8,790.
3. The Highway Safety Cluster was overstated by \$335.
4. The Formula Grants for Rural Areas was overstated by \$312,530.
5. The Child Support Enforcement was overstated by \$15,041.

Audit adjustments were proposed, accepted by the County, and made to the SEFA.

*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. . . .

COUNTY AUDITOR  
JOHNSON COUNTY  
FEDERAL FINDINGS  
(Continued)

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. . . ."

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 Financial statements. . . ."

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 Basis for determining Federal awards expended. 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 CFDA number or other identifying number when the CFDA 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 Basis for determining Federal awards expended, paragraph (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 the 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 Indirect (F&A) costs."

*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 remained undetected. The SEFA contained the errors identified in the *Context*.

COUNTY AUDITOR  
JOHNSON COUNTY  
FEDERAL FINDINGS  
(Continued)

*Recommendation*

We recommended that the County's management establish controls related to the preparation of the SEFA.

*Views of Responsible Officials*

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

**FINDING 2016-002**

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

*Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-002.

*Condition*

There were deficiencies in the internal control system of the County related to the receipts and financial transactions and reporting related to the financial statements. The County had not separated incompatible activities related to these areas of the financial statement.

*Receipts*

One employee collected and recorded the funds in the records without oversight, review, or approval.

*Financial Transactions and Reporting*

The County Auditor had a fund for employee health benefits, which was accounted for separately from the County Auditor's financial software. An excel spreadsheet was used to account for this fund. No receipts were issued. The disbursements were based on invoices from the County's third-party administrator. The County Auditor received a notice for the amount due to vendors and then the funds were electronically withdrawn from the bank accounts by the third-party administrator. The disbursements were not submitted to the Board of County Commissioners for approval, nor was there evidence that the County Auditor, as the County's fiscal officer, had approved the disbursements. The bank reconciliations also were the responsibility of the County Auditor.

Information and copies of various reports were provided to various County staff; however, there were no established documented controls, such as an oversight, review, or approval process by the County Auditor's office to ensure that the funds ledger and bank reconciliations were being completed and were accurate.

The County prepared and submitted the Annual Financial Report (AFR) into the Indiana Gateway for Government Units financial reporting system, which was the source for the financial statement, without an oversight, review, or approval process.

COUNTY AUDITOR  
JOHNSON COUNTY  
FEDERAL FINDINGS  
(Continued)

*Context*

Due to the lack of internal controls over the AFR, the following material errors were found:

1. The Sheriff's Office Trust Account was included on the financial statement, which overstated the beginning balance, receipts, disbursements, and ending balance by \$90,200, \$11,972,292, \$11,884,862, and \$177,630, respectively.
2. The Settlement fund beginning balance and disbursements were overstated by \$909,383.
3. The JDAI Juvenile Transaction fund beginning balance and disbursements were understated by \$5,040.

Audit adjustments were proposed, accepted by the County, and made to the financial statement 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:

"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. . . ."

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance 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 Counties, Chapter 1)

COUNTY AUDITOR  
JOHNSON COUNTY  
FEDERAL FINDINGS  
(Continued)

Indiana Code 5-11-10-2(a) states:

"Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

*Cause*

Management of the County had not established a proper system of internal control to ensure proper financial transactions and reporting.

*Effect*

The failure to establish controls enabled misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the County at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, misstatements in a timely manner.

*Recommendation*

We recommended that the County establish a system of internal controls related to receipts and financial transactions and reporting to ensure proper reporting of the 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 2016-005**

Subject: Formula Grants for Rural Areas - Cash Management  
Federal Agency: Department of Transportation  
Federal Program: Formula Grants for Rural Areas  
CFDA Number: 20.509  
Federal Award Number or Other Identifying Number: A249-16-G150135  
Pass-Through Entity: Indiana Department of Transportation  
Compliance Requirement: Cash Management  
Audit Findings: Material Weakness, Other Matters

*Condition*

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 Cash Management compliance requirement.

The County's controls over the disbursement to the subrecipient was not effective. The County did not ensure that the reimbursement received was disbursed to the subrecipient within a reasonable amount of time.

COUNTY AUDITOR  
JOHNSON COUNTY  
FEDERAL FINDINGS  
(Continued)

*Context*

Due to the controls, of the three reimbursement requests for the audit period, one reimbursement was received on May 13, 2016, and not disbursed to the subrecipient until June 13, 2016.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards 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 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the follow . . .

(6) Written procedures to implement the requirements of 200.305 Payment . . ."

2 CFR 200.305(b) states in part:

"For non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means . . ."

*Cause*

The County's management had not designed or implemented effective internal controls that would have ensured compliance with the grant agreement and the Cash Management compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the County.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the County's management establish controls to ensure compliance and comply with the Cash Management compliance requirement.

COUNTY AUDITOR  
JOHNSON COUNTY  
FEDERAL FINDINGS  
(Continued)

*Views of Responsible Officials*

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



# Pamela J. Burton

## JOHNSON COUNTY AUDITOR

86 West Court Street • Courthouse West Annex • Franklin, Indiana 46131  
Office (317) 346-4310 • Direct (317) 346-4312 • Fax (317) 736-7021  
pburton@co.johnson.in.us

### CORRECTIVE ACTION PLAN


#### **FINDING 2016-001**

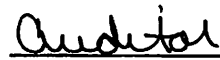
Contact Person Responsible for Corrective Action: Pamela J. Burton  
Contact Phone Number: 317.346.4312

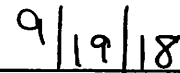
Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Effective immediately, Johnson County will have proper internal controls in place that operate effectively, this will detect possible misstatements of the SEFA. The Auditor understands her role is to ensure proper reporting on the Schedule of Expenditures of Federal Awards.

Anticipated Completion Date: 09/19/2018

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)



**Pamela J. Burton**  
**JOHNSON COUNTY AUDITOR**

86 West Court Street • Courthouse West Annex • Franklin, Indiana 46131  
Office (317) 346-4310 • Direct (317) 346-4312 • Fax (317) 736-7021  
pburton@co.johnson.in.us

**CORRECTIVE ACTION PLAN**

**FINDING 2016-002**

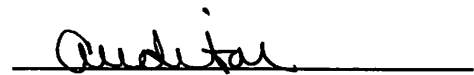
Contact Person Responsible for Corrective Action: Pamela J. Burton  
Contact Phone Number: 317.346.4312

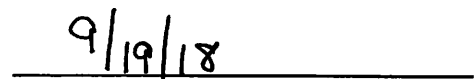
Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Effective immediately, Johnson County will have proper internal controls in place to implement segregation of duties, related to the employee health benefit accounts, Receipts and Financial Transaction and Reporting that is related to the financial statements. The Auditor understands her role and will immediately implement proper internal controls.

Anticipated Completion Date: 09/19/2018

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)



# Pamela J. Burton

## JOHNSON COUNTY AUDITOR

86 West Court Street • Courthouse West Annex • Franklin, Indiana 46131  
Office (317) 346-4310 • Direct (317) 346-4312 • Fax (317) 736-7021  
pburton@co.johnson.in.us

### CORRECTIVE ACTION PLAN

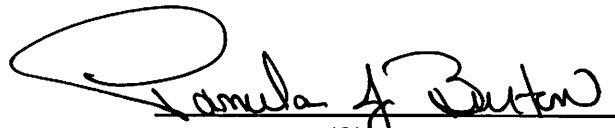
#### **FINDING 2016-005**

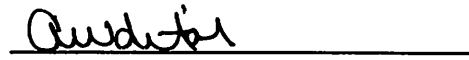
Contact Person Responsible for Corrective Action: Pamela J. Burton  
Contact Phone Number: 317.346.4312


Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Effective immediately, Johnson County will have proper internal controls in place that operate effectively. The Johnson County Auditor has established controls to ensure compliance, as well as be compliant with the requirements of Cash Management.

Anticipated Completion Date: 09/19/2018

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)

COUNTY AUDITOR  
JOHNSON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2018, with Pamela J. Burton, County Auditor; Brian P. Baird, President of the Board of County Commissioners; Ron West, County Commissioner; Kevin Walls, County Commissioner; Barbara Davis, County Coordinator; and Amy Thompson, Deputy County Auditor.

COUNTY TREASURER  
JOHNSON COUNTY

COUNTY TREASURER  
JOHNSON COUNTY  
FEDERAL FINDING

***FINDING 2016-003***

Subject: Financial Transactions and Reporting - County Treasurer  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-003.

*Condition*

There were deficiencies in the internal control system of the County Treasurer related to financial transactions and reporting. The County Treasurer had not separated incompatible activities related to cash and investments and receipts. One employee prepared all receipts, recorded all transactions to the Treasurer's Cash Book, made adjustments, and reconciled the bank accounts without an oversight, review, or approval process.

*Context*

This is a systemic problem throughout the audit period.

*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.

COUNTY TREASURER  
JOHNSON COUNTY  
FEDERAL FINDING  
(Continued)

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 Treasurer's office had not established a proper system of internal control.

*Effect*

The failure to establish controls and properly implement controls could have enabled non-compliance related to cash and investments and receipts and could have enabled misstatements or irregularities to remain undetected.

*Recommendation*

We recommended that the County establish a system of internal controls related to financial transactions and reporting, including segregation of duties, to ensure that bank reconciliements were performed accurately and to ensure that financial transactions were accurately reported in the financial statement.

*Views of Responsible Officials*

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

# Johnson County Treasurer



Michele Ann Graves  
86 W. Court St.  
Franklin, IN 46131

Phone: (317) 346-4330  
Fax: (317) 736-3949  
Email: [mgraves@co.johnson.in.us](mailto:mgraves@co.johnson.in.us)  
Website: [www.co.johnson.in.us](http://www.co.johnson.in.us)

## CORRECTIVE ACTION PLAN

### **FINDING 2016-003**

Contact Person Responsible for Corrective Action: Michele Ann Graves  
Contact Phone Number: (317)346-4340

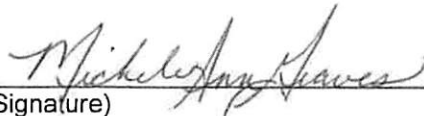
Views of Responsible Official: I concur with the finding.

### Description of Corrective Action Plan:

The Johnson County Treasurer will establish and maintain an internal control system which will include segregation of duties and additional oversight.

- Schedule to be made for each staff member to perform the duties for daily balance.
- Implement a process to track and review adjustments, i.e. voided payments.
- Bank Reconciliation Reports to be reviewed by two (2) members of Treasurer's Office.
- Individual will give to Bookkeeper copy of ACH Notifications with daily work. Bookkeeper will balance to cash book.

Anticipated Completion Date: Effective Immediately

  
\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Treasurer  
(Title)

\_\_\_\_\_  
9/24/2018  
(Date)

COUNTY TREASURER  
JOHNSON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2018, with Michele Ann Graves, County Treasurer; Brian P. Baird, President of the Board of County Commissioners; Ron West, County Commissioner; Kevin Walls, County Commissioner; and Barbara Davis, County Coordinator.

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COUNTY SHERIFF  
JOHNSON COUNTY

COUNTY SHERIFF  
JOHNSON COUNTY  
FEDERAL FINDING

***FINDING 2016-004***

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

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-005.

*Condition*

There were deficiencies in the internal control system of the County Sheriff related to financial transactions and reporting. The County Sheriff had not separated incompatible activities related to cash and investments. There were no controls over the bank reconciliation.

*Context*

Due to the lack of controls over the bank reconciliation, there was no reconciliation performed for four of the five bank accounts.

*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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COUNTY SHERIFF  
JOHNSON COUNTY  
FEDERAL FINDING  
(Continued)

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 public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

*Cause*

Management of the County Sheriff's office had not established a proper system of internal control.

*Effect*

The failure to establish controls and properly implement controls enabled noncompliance related to cash and investments and could have enabled misstatements or irregularities to remain undetected.

*Recommendation*

We recommended that the County establish a system of internal controls related to financial transactions and reporting, including segregation of duties, to ensure that bank reconciliations were performed accurately.

*Views of Responsible Officials*

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



# JOHNSON COUNTY SHERIFF'S OFFICE

1091 Hospital Road - Post Office Box 609 - Franklin, Indiana 46131

Doug Cox, Sheriff

Randy Werden, Colonel

## 2016 CORRECTION ACTION PLAN

September 19, 2018

### Finding 2016-004:

1. There were deficiencies in the internal control system of the County related to Financial Transactions and Reporting. The County Sheriff had not separated incompatible activities related to cash and investments.
2. One employee reconciled the bank accounts without an oversight, review or approval process.
3. Due to lack of controls over the bank reconciliation, there was no reconciliation performed on four of five bank accounts in 2016.

**Contact Person Responsible for Corrective Action Plan:**

Sheriff Doug Cox (317) 346-4601

**View of Responsible Official:** We agree with the finding

**Description of Corrective Action Plan:** We now have overseers on each of our books:

- A. Sheriff Doug Cox reviews monthly the work of Major Bob Sexton on the property room account and special fund account.
- B. Major Duane Burgess reviews monthly the work of Abby Hamilton on the commissary account.
- C. Ronda Frazier (bookkeeper) reviews monthly the books of Stephanie Walker (inmate trust).
- D. Stephanie Walker (inmate trust) reviews monthly the books of Ronda Frazier (bookkeeper).

**Anticipated Completion Date:** A work in progress

Respectfully,

Doug Cox

Sheriff

COUNTY SHERIFF  
JOHNSON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2018, with Doug Cox, County Sheriff; Brian P. Baird, President of the Board of County Commissioners; Ron West, County Commissioner; Kevin Walls, County Commissioner; and Barbara Davis, County Coordinator.

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COUNTY COURT  
JOHNSON COUNTY

COUNTY COURT  
JOHNSON COUNTY  
FEDERAL FINDING

***FINDING 2016-006***

Subject: Child Support Enforcement - Internal Controls  
Federal Agency: Department of Health and Human Services  
Federal Program: Child Support Enforcement  
CFDA Number: 93.563  
Federal Award Number and Year (or Other Identifying Number): FY2016  
Pass-Through Entity: Indiana Department of Child Services  
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles,  
Cash Management, Period of Performance, Reporting  
Audit Finding: Material Weakness

*Condition*

Management of the County's Circuit/Juvenile Court (IV-D Court) had not established an effective internal control system related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Performance, and Reporting compliance requirements.

A IV-D Court employee prepared the Monthly Expense Claims (MECs) and Quarterly Incentive Expense Forms (QIEs); however, the IV-D Court had not established effective controls to ensure that the MECs were for allowable activities and costs, paid prior to requesting reimbursement, incurred within the period of performance, and that the amounts reported were accurate, and that the QIEs were for allowable activities and costs and the amounts reported were accurate.

*Context*

The lack of controls was a systemic issue throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

COUNTY COURT  
JOHNSON COUNTY  
FEDERAL FINDING  
(Continued)

"The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards 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). . . ."

*Cause*

The IV-D Court had not established an effective system of internal controls to ensure compliance with the requirements listed above.

*Effect*

The failure to establish an effective internal control system could have enabled material non-compliance to go undetected. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the IV-D Court's management establish controls related to the grant agreement and compliance requirements listed above.

*Views of Responsible Officials*

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

The Dickinson Juvenile  
Justice Center  
1121 Hospital Road  
Franklin, Indiana 46131  
(317) 346-4691  
Fax: (317) 736-9817



STAFF:  
Christie Dunn,  
Juvenile Court Reporter/  
Family Court Case Manager

JOHNSON CIRCUIT COURT  
JUVENILE & FAMILY COURT DIVISION

K. MARK LOYD, *Judge*

ANDREW S. ROESENER, *Juvenile Magistrate*

**CORRECTIVE ACTION PLAN**

**FINDING:** 2016-006

**Contact Person Responsible for Corrective Action:**

Brandi Voris, Court Reporter, Johnson Juvenile Court - (317) 346-4692  
Honorable Andrew Roesener, Magistrate, Johnson Juvenile Court - (317) 346-4695


View of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Corrective efforts were put into place beginning January, 2017. We will continue to maintain the current internal control system to provide reasonable assurance of compliance requirements.

  
\_\_\_\_\_  
Brandi Voris, Court Reporter  
Johnson Juvenile Court

9/25/18  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Andrew S. Roesener, Magistrate  
Johnson Juvenile Court

9/25/18  
\_\_\_\_\_  
Date

COUNTY COURT  
JOHNSON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2018, with the Honorable Andrew Roesener, Juvenile Magistrate; Brian P. Baird, President of the Board of County Commissioners; Ron West, County Commissioner; Kevin Walls, County Commissioner; Barbara Davis, County Coordinator; and Brandi Voris, Court Reporter.