

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

JACKSON COUNTY, INDIANA

January 1, 2016 to December 31, 2016



FILED
12/26/2018

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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	Matt Reedy	01-01-16 to 12-31-18
President of the County Council	Charlie S. Murphy Bridey K. Jacobi	01-01-16 to 12-31-16 01-01-17 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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, 2016 to December 31, 2016. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments 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 and should be viewed in conjunction with the Audit Results and Comments as described below.

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 instance 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 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

December 18, 2018

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COUNTY AUDITOR
JACKSON COUNTY

COUNTY AUDITOR
JACKSON COUNTY
AUDIT RESULT AND COMMENT

MOVING TRAFFIC VIOLATIONS

We found that the County directly collected moving traffic violation fines through the County Sheriff's office and retained the proceeds at the County in a non-reverting ordinance fund.

Per the County Council meeting minutes dated March 16, 2011, the County established a non-reverting ordinance fund in 2011 through Ordinance #2011-6 . . . "whereas all monies received by the Sheriff's department for violations of the Canine Control Ordinance and Speeding tickets will be used solely for personnel training or supplies for the Jackson County Sheriff's department." It was subsequently amended to allow the use of the monies for overtime for officers.

Ordinance No. 6 (2011) states: "That there shall be established a non-reverting Ordinance Violation fund in which to place monies realized from ordinance violation tickets issued by an officer of this county."

Tickets issued indicate that they are for local ordinance violation and specify the speed compared to the posted speed. A waiver pamphlet is also provided that indicate the schedule of penalties based on the amount of excess speed. The pamphlet also indicates that the Money Order payable to the Jackson Co. Sheriff's office may be mailed to the County Sheriff's office.

The fines collected in 2016 were:

<u>Fine</u>	<u>Amount</u>
Moving Traffic Violation	\$ 155,404

We find this process to be in noncompliance with Indiana Code 34-28-5, including the receipting of the funds into a local ordinance violations fund.

Indiana Code 36-1-6-3(c) states: "An ordinance defining a moving traffic violation may not be enforced under IC 33-36 and must be enforced in accordance with IC 34-28-5."

The accounts of each public official and public office should reflect the proper treatment of fines collected for moving traffic violations as required by Indiana Code § 36-1-6-3(c), Indiana Code Ch. 34-28-5, and this Directive. Failure to do so will result in a civil action against those public officials who are responsible for the improper enforcement and collection of fines for moving traffic violations as allowable by law. (State Examiner Directive 2015-1)

COUNTY AUDITOR
JACKSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 18, 2018, with Kathy S. Hohenstreiter, County Auditor; Bridey K. Jacobi, President of the County Council; and Matt Reedy, President of the Board of County Commissioners.

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COUNTY TREASURER
JACKSON COUNTY

COUNTY TREASURER
JACKSON COUNTY
FEDERAL FINDING

FINDING 2016-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

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

Condition

There were deficiencies in the internal control system of the County related to financial transactions and reporting. The County Treasurer had not separated incompatible activities related to cash and investments. Documentation was not presented indicating a review or approval of the reconciliations of the bank accounts by someone other than the person preparing them.

Context

The lack of controls was a systemic issue 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:

COUNTY TREASURER
JACKSON COUNTY
FEDERAL FINDING
(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. . . ."

Cause

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

Effect

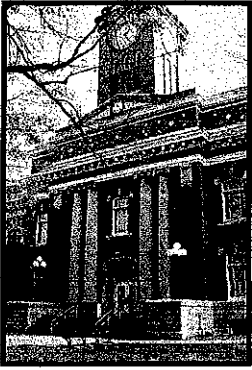
The failure to establish controls could have enabled misstatements or irregularities to remain undetected.

Recommendation

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

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

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Courthouse
Brownstown, IN 47220
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FINDING 2016-001

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 6-10-2017


Signature

Jackson County Treasurer

Title

December 13, 2018

Date

COUNTY TREASURER
JACKSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 18, 2018, with Roger D. Hurt, County Treasurer; Bridey K. Jacobi, President of the County Council; and Matt Reedy, President of the Board of County Commissioners.