

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

JACKSON COUNTY, INDIANA

January 1, 2017 to December 31, 2017



FILED
12/27/2018

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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 12-31-17



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, 2017 to December 31, 2017. 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 Finding, identified in the above referenced audit report, is included in this report and should be viewed in conjunction with the Audit Result and Comment 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 Finding and Official Response to the Audit Result and Comment, incorporated within this report, were 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
FEDERAL FINDING

FINDING 2017-001

Subject: Child Support Enforcement - Internal Controls over Allowable Costs/Cost Principles
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): 2017
Pass-Through Entity: Indiana Department of Child Services
Compliance Requirement: Allowable Costs/Cost Principles
Audit Finding: Material Weakness

Condition

An effective internal control system, which would include segregation of duties, was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the compliance requirement listed above.

A new contractor was obtained by the County to complete the 2017 Cost Allocation Plan (CAP). As a result, the CAP contained several new allocated costs in the County Commissioner's department. Burial of soldiers, soil/water, mental health, prisoner care, insurance liability reimbursement, and agency aging costs were added and allocated in the 2017 CAP. These new costs did not indirectly benefit the federal program and should not have been allocated. This resulted in an overpayment of \$2,201 in indirect costs for 2017. Although these amounts were considered immaterial, they were indicative of a control deficiency.

Context

The lack of controls was a systemic issue throughout the audit period. Out of 10 new cost categories added to the CAP, 6 were determined to be disallowed and had no indirect benefit to the grant.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

COUNTY AUDITOR
JACKSON COUNTY
FEDERAL FINDING
(Continued)

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

Management of the County had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish an effective internal control system placed the County at risk of material noncompliance with the grant agreement and the compliance requirement listed above. A lack of segregation of duties within an internal control system could also allow noncompliance with the compliance requirement and allow 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 County's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirement listed above.

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 2017-001

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

We concur with the findings.

Cost Allocation Plans for Jackson County are outsourced with a vendor. The Cost Allocation plan was reviewed between the auditor and the vendor. However, accounts were on the plan from the Commissioner budget that should not have been included. There were 10 new accounts in the Commissioner Budget but 6 of the accounts were not eligible. Corrections have been made by the vendor. The Fiscal 2017 Plan will show the credited amount. Correction plan for future reviews with vendor will be (1) look for new accounts added and (2) determine that it has a relationship to Child Support.

Anticipated Completion Date: Corrective plan has been implemented.

Kathy S. Hohenstreiter
Signature

Jackson County Auditor
Title

12/19/2018
Date

COUNTY AUDITOR
JACKSON COUNTY
AUDIT RESULT AND COMMENT

MOVING TRAFFIC VIOLATIONS

This is a repeat comment from the immediate prior Report B51645.

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 states (2011): "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 County Sheriff's office may be mailed to the County Sheriff's office.

The fines collected in 2017:

Fine	Amount
Moving Traffic Violation	\$ 109,068

We find this process to be in non-compliance 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.