

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

JENNINGS COUNTY, INDIANA

January 1, 2017 to December 31, 2017



FILED
09/19/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Kay S. Vance Tessia Salsman	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Treasurer	Kitty Shepherd	01-01-17 to 12-31-20
Clerk of the Circuit Court	Mary Dorsett Kilgore Amy Thompson	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Sheriff	Gary M. Driver Kenny Freeman	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Recorder	Janice L. Ramey Mary Dorsett Kilgore	01-01-15 to 12-31-18 01-01-19 to 12-31-22
President of the Board of County Commissioners	Matt Sporleder	01-01-17 to 12-31-19
President of the County Council	Howard L. Malcomb	01-01-17 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF JENNINGS COUNTY, INDIANA

This report is supplemental to our audit report of Jennings 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 Audit Results and Comments that pertain to the County. It should be read in conjunction with our Financial Statement Audit Report of the County, which provides our opinion on the County's financial statement. 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 Audit Results and Comments, incorporated within this report, was not verified for accuracy.

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

August 29, 2019

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CLERK OF THE CIRCUIT COURT
JENNINGS COUNTY

CLERK OF THE CIRCUIT COURT
JENNINGS COUNTY
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Condition and Context

The same comment also appeared in the prior Reports B51706 and 51779.

Monthly reconciliations of the Clerk of the Circuit's Court's (Clerk) record balances to the bank account balances were not performed for any month during the audit period.

Criteria

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."

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

This is a repeat comment from the immediately prior audit report. The prior audit finding number was 2016-002.

Condition and Context

There were several deficiencies in the internal control system of the Clerk related to financial transactions and reporting. There was a lack of segregation of duties, as the Clerk had not separated incompatible activities related to cash and investments, receipts, and disbursements.

Cash and Investments

The Clerk had not designed or implemented controls, including segregation of duties, to ensure the accuracy of the cash and investments balance. During the audit period, no reconciliations of the bank statement balances to the Clerk's ledger or accounting software balances were prepared.

CLERK OF THE CIRCUIT COURT
JENNINGS COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Receipts

The Clerk had not separated incompatible activities to ensure the accuracy of the receipts. One employee received money, issued official receipts, prepared bank deposits, posted receipts, approved adjustments, and was responsible for preparing bank reconciliations. The process was completed without a documented oversight, review, or approval process.

Disbursements

The Clerk had not designed or implemented controls, including segregation of duties, related to disbursements. One employee prepared, processed, and distributed checks for the Trust. The process was completed without a documented oversight, review, or approval process to ensure the accuracy of the disbursements.

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. . . ."

CLERK OF THE CIRCUIT COURT
JENNINGS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2019, with Amy Thompson, Clerk of the Circuit Court; Tessia Salsman, County Auditor; Kitty Shepherd, County Treasurer; Matt Sporleder, President of the Board of County Commissioners; and Howard L. Malcomb, President of the County Council.