

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

JASPER COUNTY, INDIANA

January 1, 2018 to December 31, 2018



FILED
11/01/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Kimberly K. Grow	01-01-17 to 12-31-20
County Treasurer	Donya Jordan	01-01-17 to 12-31-20
Clerk of the Circuit Court	Vickie Bozell Kara Fishburn	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Coroner	Diana Boersma	01-01-17 to 12-31-20
County Sheriff	Terry J. Risner Patrick M. Williamson, Sr.	01-01-15 to 12-31-18 01-01-19 to 12-31-22
President of the County Council	Rein O. Bontreger	01-01-18 to 12-31-19
President of the Board of County Commissioners	Kendell Culp	01-01-18 to 12-31-19



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, 2018 to December 31, 2018. 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

September 17, 2019

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COUNTY AUDITOR
JASPER COUNTY

COUNTY AUDITOR
JASPER COUNTY
AUDIT RESULTS AND COMMENTS

FINANCIAL TRANSACTIONS AND REPORTING

The County Auditor had designed controls over the financial transactions and reporting of cash and investments and disbursements; however, there was no documentation that the controls had been implemented.

Cash and Investments

There was no evidence that the County Auditor Fund Statement was reconciled to the County Treasurer's Cash Book on a monthly basis.

Vendor Disbursements

The County Auditor did not consistently document a review of accounts payable vouchers (APVs) by signing the APV docket or the individual APVs. In addition, there was no evidence that the APVs posted to the financial system were verified to the APV docket approved by the Board of County Commissioners, or to the APV's originally submitted for payment.

Financial Reporting

The County Auditor had designed controls over financial reporting; however, there was no documentation that the controls had been implemented. In addition, based on the errors noted, the controls were not effective. The County Auditor prepared the financial information for input into the Indiana Gateway for Government Units financial reporting system, which was the source of the Annual Financial Report (AFR) and the financial statement. The lack of effective controls allowed the Cash-Treasurer's fund to be omitted from the AFR and the financial statement. An audit adjustment was proposed, approved by the County Auditor, and made to the financial statement.

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 AUDITOR
JASPER COUNTY
AUDIT RESULTS AND COMMENTS
(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 5-11-1-4(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](#)."

HEALTH INSURANCE CLAIMS

The County operated a self-insurance fund for its health insurance benefits. A third-party administrator was responsible for making payments on behalf of the County's group health insurance plan. In 2018, the County paid a total of \$3,793,643 to its third-party administrator; however, none of these claims were approved by the Board of County Commissioners.

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."



*Jasper County Auditor
Kimberly K Grow*

Date: 09/20/2019

To: Paul Joyce, CPA, State Examiner,

This letter is in response to the Audit Results and Comments from Jasper Counties 2018 Audit.

*Financial Transactions and Reporting:
Cash and Investments*

The Auditor can verify the balancing between the Auditor's office and the Treasurer's office is being done each and every month like clockwork.

Vendor Disbursements

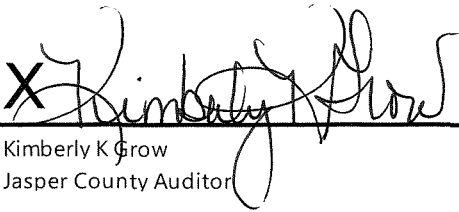
We have designed the controls to ensure that the person writing the claim checks is also not the one approving them. The claims are approved by all three County Commissioners, Deputy Auditor and myself. There are five people that sign off on the claims before the releasing of the funds.

Health Insurance Claims- Auditor

We have since this was brought to my attention made changes in the way the Health Insurance claims will be handled.

- 1) Auditor receives claims or invoices and then puts together a claim voucher*
- 2) The claim voucher is then submitted to a Deputy Auditor for approval (initial)*
- 3) The claim voucher will then be put into the financial system by another Deputy for payment*
- 4) Claim then will be processed and mailed out*
- 5) Beginning of each month the Health Insurance claims will be a part of the claim docket for the County Commissioners to approve*

Sincerely,

A handwritten signature in cursive script, appearing to read "Kimberly K. Grow", is written over a horizontal line. The signature is written in black ink and is somewhat stylized.

Kimberly K Grow
Jasper County Auditor

COUNTY AUDITOR
JASPER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 17, 2019, with Kimberly K. Grow, County Auditor; Rein O. Bontreger, President of the County Council; Donya Jordan, County Treasurer; Tammy McEwan, Deputy County Treasurer; Diana Boersma, County Coroner; Richard E. Maxwell, County Commissioner; Brenden Brett Risner, County Council member; and Eric Beaver, County Attorney.

COUNTY TREASURER
JASPER COUNTY

COUNTY TREASURER
JASPER COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS

The same comment also appeared in the prior Report B50063.

There were deficiencies in the internal controls related to cash and investments and property tax receipts in the Treasurer's office.

Cash and Investments

The County Treasurer had designed controls over cash and investments; however, there was no documentation 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. However, there was no evidence of the County Treasurer's review of the monthly bank reconciliations. In addition, there was no evidence of reconciliations of the County Auditor's Fund Statements to the County Treasurer's Cash Book.

Receipts

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

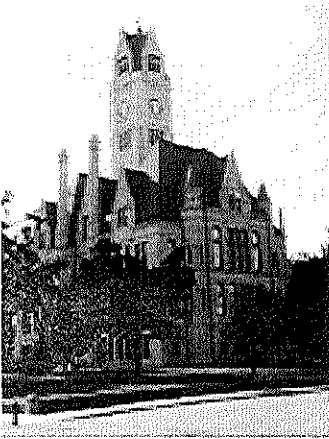
The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana 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. . . ."

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)



Donya G. Jordan
Treasurer of Jasper County

OFFICIAL RESPONSE

September 24, 2019

Paul D Joyce
SBOA State Examiner
302 W Washington St.
E418
Indianapolis IN 46204

Dear Mr. Joyce,

This letter is in response of our audit for the year of 2018 and its findings.

The first deficiency that was stated was there was no evidence that we are reconciling our County Treasurer's Cash Sheet with the Auditor's Fund Statements. As of August 22, 2019 we are initialing their monthly statement and they are initialing ours at the time of reconciling. I am also reviewing and initialing the bank statements after the balancing of these has been done.

The second deficiency of our audit is in the way we handle the processing of our tax payments. Our field examiner states we do not issue receipts when we accept payment. We do issue receipts but she wants us to issue receipts from our taxing program. We are now printing receipts when we post.

I pray this will clear up this issues we had with this audit

Sincerely,

Donya G. Jordan
Treasurer of Jasper County

This letter has been approved by  Jasper County Auditor.

COUNTY TREASURER
JASPER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 17, 2019, with Kimberly K. Grow, County Auditor; Rein O. Bontreger, President of the County Council; Donya Jordan, County Treasurer; Tammy McEwan, Deputy County Treasurer; Diana Boersma, County Coroner; Richard E. Maxwell, County Commissioner; Brenden Brett Risner, County Council member; and Eric Beaver, County Attorney.

COUNTY CORONER
JASPER COUNTY

COUNTY CORONER
JASPER COUNTY
AUDIT RESULTS AND COMMENTS

NO SUPPORTING DOCUMENTATION FOR CLAIMS

Six Coroner Department employees were paid a total of \$4,998 to attend a training conference. The registration, lodging expenses, and one evening meal were paid for by the Indiana State Coroners Training Board for all elected coroners and appointed deputy coroners. No supporting documentation was provided for the reimbursement of \$4,998, which equated to \$882 to five employees and \$588 for one employee who only attended two days of the three day seminar. The County per diem in effect at the time was \$30 per day for meals.

The County does not have a contract with the County Coroner or a policy regarding how the County will reimburse the County Coroner for phone, internet, and postage expenses. The County Coroner received \$588 in cell phone reimbursement. The County Coroner and her deputy own a local funeral home and the documentation for the cell phone bill provided was for two of the six cell phone lines used by the funeral home. The County Coroner received \$866.31 as reimbursement for landline and internet fees, the supporting documentation was approximately 25 percent of the total funeral home bill. The County Coroner originally did not provide receipts for postage reimbursement. However, when receipts for postage reimbursement were provided, there was no documentation to support that they were for County business.

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

COUNTY CORONER
JASPER COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

Each unit must adopt a written travel policy in conformity with applicable laws. Reimbursement for lodging and meals must be based upon actual receipts for amounts paid unless otherwise authorized by law. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

COMPENSATION OTHER THAN PAYROLL

Two Deputy County Coroners were paid a total of \$3,000 for clerical work; however, this compensation was not included on the salary schedule. These individuals were paid as vendors or independent contractors, but no written contracts were provided for audit.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)



Office of the Jasper County Coroner:
Diana J. Boersma, MLDI, Ph.D.
90 East Grove St., Wheatfield, IN 46392
Cell: (219) 863-3957 or email: dboersma@boersmafuneralhome.com

To: Paul Joyce, CPA, State Examiner
From: Diana Boersma, Jasper County Coroner
Date: September 17, 2019
Re: Official Response

Dear Sir:

This letter is in response to the recent audit that took place at the Jasper County Courthouse.

#1 The rate of per diem has been established for Coroner & Deputy Coroners when attending conferences and training.

#2 Phone/Internet expenses and reimbursement in the form of a % or \$\$ flat rate of monthly bill is being established with a meeting between the Councilmen and Commissioners this year.

#3 Postage expenses and reimbursement protocol is being established with a meeting between the Councilmen and Commissioners this year.

#4 Clerical work, as hourly rate or flat fee is being negotiated and established with a meeting between the Councilmen and Commissioners this year.

Diana Boersma,
Jasper County Coroner

COUNTY CORONER
JASPER COUNTY
EXIT CONFERENCE

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