

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

JAY COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED
03/11/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Anna Culy (Vacant)	01-01-20 to 03-05-22 03-06-22 to 12-31-22
County Treasurer	Paula Miller	01-01-20 to 12-31-22
Clerk of the Circuit Court	Jon Eads	01-01-20 to 12-31-22
County Sheriff	Dwane Ford	01-01-20 to 12-31-22
County Recorder	Betty St. Myers	01-01-20 to 12-31-22
President of the Board of County Commissioners	Richard L. Huffman Chad Aker	01-01-20 to 12-31-20 01-01-21 to 12-31-22
President of the County Council	Jeanne Houchins	01-01-20 to 12-31-22



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF JAY COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Jay County (County), for the year ended December 31, 2020, and the related notes to the financial statement, which collectively comprise the County's financial statement and have issued our report thereon dated March 3, 2022, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001, that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001.

Jay County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statement, and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Beth Kelley, CPA, CFE
Deputy State Examiner

March 3, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF JAY COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited Jay County's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2020. The County's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on the Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statement of the County, as of and for the year ended December 31, 2020, and the related notes to the financial statement. We issued our report thereon dated March 3, 2022, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with U.S. Generally Accepted Accounting Principles, and an unmodified opinion was issued regarding the presentation in accordance with the Regulatory Basis of Accounting. Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.



Beth Kelley, CPA, CFE
Deputy State Examiner

March 3, 2022

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the County. The schedule and notes are presented as intended by the County.

JAY COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2020

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning & Construction	Indiana Department of Transportation	20.205			
Cumulative Bridge-Bridge Inspection			Designation: 1500285	\$ -	\$ 94,120
Total - Highway Planning & Construction				-	94,120
Total - Highway Planning and Construction Cluster				-	94,120
Federal Transit Cluster					
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	Indiana Department of Transportation	20.526			
20.526 Rural Transportation Grant (Bus Replacement)			EDS# A249-20-G190033	162,176	162,240
Total Federal Transit Cluster				162,176	162,240
Formula Grants for Rural Areas and Tribal Transit Program	Indiana Department of Transportation	20.509			
20.509 Rural Transportation Grant			EDS# A249-19-G180483	136,805	136,805
20.509 Rural Transportation Grant			EDS# A249-20-G190099	222,960	222,960
COVID-19 - 20.509 Rural Transportation Grant			EDS# A249-20-G200039	48,382	48,382
Total - Formula Grants for Rural Areas and Tribal Transit Program				408,147	408,147
Total - Department of Transportation				570,323	664,507
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus Relief Fund	Indiana Finance Authority	21.019			
IFA CARES ACT Reimb			FY 2020	874	673,662
Total - Department of the Treasury				874	673,662
<u>Environmental Protection Agency</u>					
Nonpoint Source Implementation Grants	Indiana Department of Environmental Management	66.460			
66.460 Upper Salamonina Grant			97548216; A305-18273	-	138,227
Total - Environmental Protection Agency				-	138,227

JAY COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2020

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness	Indiana State Department of Health	93.069			
8109-93.069 Bioterrorism Grant (HD); Public Health Preparedness Grant			NU90TP922052	-	9,378
8109-93.069 Bioterrorism Grant (HD); Public Health Preparedness Grant			NU90TP922052	-	12,648
Total - Public Health Emergency Preparedness				-	22,026
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by the Prevention and Public Health Funds	Indiana State Department of Health	93.539			
8119 Immunization Grant -Health Dept.			NH23IP922631	-	999
Child Support Enforcement	Indiana Department of Child Services	93.563			
93.563 Title IV-D Prosecutor Incentive (8897)			1904INCEST	-	3,036
93.563 Title IV-D (8899) Clerk Incentive			1904INCEST	-	6,661
93.563 Title IV-D (1000) Indirect Cost Reimb.			2001INCSES	-	15,275
93.563 Title IV-D (1000-001) Clerk Reimb.			2001INCSES	-	5,449
93.563 Title IV-D (1000-009) Prosecutor Reimb.			2001INCSES	-	59,627
93.563 Title IV-D (1217) Co Elected Official Training			2001INCSES	-	1
Total - Child Support Enforcement				-	90,049
Total - Department of Health and Human Services				-	113,074
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042			
EMPG Performance Grant			EMC-2018-EP-00005	-	28,323
Total - Department of Homeland Security				-	28,323
Total federal awards expended				<u>\$ 571,197</u>	<u>\$ 1,617,793</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

JAY COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2020. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the County, it is not intended to and does not present the financial position of the County.

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 2. Indirect Cost Rate

The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

JAY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance for it:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
21.019	COVID-19 - Coronavirus Relief Fund	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2020-001

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

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2019-001.

Condition and Context

There were several deficiencies in the internal control system of the County Treasurer's (Treasurer) office related to financial transactions and reporting.

JAY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

1. Risk Assessment: Throughout the audit period, the Treasurer did not perform risk assessment to identify and assess fraud risk factors. All employees were permitted to use the same cash drawer to receive funds and the same login information to post tax receipts. The Treasurer and Chief Deputy were permitted to make manual adjustments to the Treasurer's Daily Balance of Cash and Depositories (Cash Book) without any oversight, review, or approval process in place. Additionally, the Treasurer permitted unbonded family members who were not employed by the County to receive cash tax payments from taxpayers without the issuance of receipts.
2. Control Activities: Internal controls were deficient in the prevention or detection and correction of errors in a timely manner. The following errors were identified during the audit:
 - The Treasurer's monthly bank reconciliation was incorrect for 12 months of the audit period.
 - One tax collection bank account was omitted from the Cash Book and bank reconciliation for the months of November and December 2020.
 - Throughout the audit period the names of financial institutions on the bank statements did not agree to those recorded in the Cash Book.
 - The Treasurer presented the following versions of the Cash Book for audit, which did not always agree to each other throughout the audit period: printed daily in folders, printed monthly with the Monthly Report, uploaded to the Indiana Gateway for Government Units financial reporting system throughout the year, and an electronic version in Excel format. The versions not agreeing with each other was the result of unapproved backdated corrections.
 - The December 2020 bank reconciliation included 13 erroneous reconciling items. Erroneous outstanding deposits in transit totaled \$580,962, and erroneous outstanding withdrawals totaled \$579,478.
 - One investment account balance was overstated by \$500 on the Cash Book for 12 months of the audit period.
 - The Treasurer's After Settlement Collections disbursements reported on the Supplemental Annual Financial Report were understated by \$376,176 which caused the ending balance to be overstated by the same amount. Audit adjustments were proposed, accepted by the County, and made to the financial statement to correct the misstatements.
 - Cash collections in the amount of \$200 were not deposited and not recorded for 12 months of the audit period.
3. Information and Communication: The Treasurer did not provide relevant information to the Deputy Treasurers to support the functioning of the other components of internal control. The Treasurer did not provide, share, or obtain necessary information for the Deputy Treasurer to properly perform monthly bank reconciliations in a timely manner. The Treasurer did not provide separate log in access to the tax payment software for each of the Deputy Treasurers, nor did the Treasurer provide separate cash drawers for the Deputy Treasurers. The Treasurer did not provide appropriate, current, complete, accurate, accessible, and timely information for the Deputy Treasurer to properly account for daily activities in the Treasurer's Cash Book.

JAY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

4. Monitoring of Controls: The Treasurer had no process to identify or communicate corrective actions to improve internal controls. Effective internal controls over financial reporting required the Treasurer to monitor and assess the quality of the system of internal control.

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:

"Risk is the possibility that an event will occur and adversely affect the achievement of objectives. Risk assessment is the process used to identify and assess internal and external risks to the achievement of objectives, and then establish risk tolerances. Each identified risk is evaluated in terms of its impact and likelihood of occurrence. Overall, risk assessment is the basis for determining how risk will be managed. . . .

Management identifies risks to the achievement of the political subdivision's objectives across the unit as a whole and within each office or department. Analysis of risk through determination of objective measures and variance tolerance is the basis for determining how the risks should be managed. The response to risk is selected: acceptance, avoidance, reduction, or sharing. . . .

Internal control is a process, and part of that process is the responsibility for management to be continually aware of changes, both external and internal, that could affect the achievement of the political subdivision's objectives. Those changes should be analyzed for both their immediate effect and for any future impact. Management would then determine any modifications needed in the internal control process to adapt to these changes."

"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. . . ."

"Relevant information from both internal and external sources is necessary to support the functioning of the other components of internal control. Communication is the continual process of providing, sharing, and obtaining necessary information. Internal communication enables personnel to receive a clear message that control responsibilities are taken seriously by the organization. External communication enables relevant outside information to be internalized and internal information to be clearly communicated to external parties."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . .

JAY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity 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](#)."

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."

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 County Treasurers of Indiana, Chapter 1)

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

Cause

The Treasurer had not established a proper system of internal control. An evaluation of the department's system of internal control had not been conducted. The Treasurer had not conducted a risk assessment related to the department's financial reporting and transactions.

Effect

The failure to establish a system of internal control enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the department at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the County. The documents are presented as intended by the County.

JAY COUNTY TREASURER

120 North Court St. Ste. 203 • Portland, IN 47371

Phone: (260) 726-7007 • Fax: (260) 726-6973 • <http://www.jaycounty.net>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-001

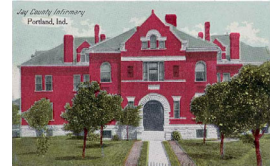
Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding: Internal controls have been found lacking.

Although partial corrective actions were put into place, being that duties of the daily closings were segregated, further internal controls were not properly put into place. To comply, we now will each have separate cash drawers and separate log ins for each and every task associated with receipts. Each drawer will be counted and reviewed by a different person other than the one who's drawer it is. Daily reports will be handled in the same way, with a different person reviewing them then the one who was signed into that session or into the receipting. Other internal controls that will be fixed are that more than one person will be reviewing and signing off on the daily cash page, any and all deposits, monthly reports and bank statements. Lists will be made and strictly followed to show that these duties are being reviewed by more than one person. In the case that there are not enough people in our office to properly comply, we will ask someone from the Auditor's office to review and assist in any, and all, daily closings that consists of cash.

Jay County Retirement Center

1194 East 200 North
Portland, IN 47371
(260) 726-8702
Fax: (260) 726- 2199
retirement@co.jay.in.us



Summary Schedule of Prior Audit Findings

Finding 2019-002

Fiscal year which the finding initially occurred: 2016

Status of Audit Findings:

In June and July of 2020, I Hope Ridenour and Adam Ridenour started to make the appropriate changes for the item listed in the audit findings.

The First step was implementing a second person review and document all monies going out and coming in to improve internal control.

The Second step was implemented was putting in place documentation retaining to all ledger of receipts using the prescribed ledger on excel.

The Third step was implementing the prescribed ledger for resident trust funds for all personal spending and all vendors on excel.

The Fourth step was implementing reconciliation forms for the resident's trust funds from the bank each month.

Thank you

Hope Ridenour
JCRC Director

JAY COUNTY TREASURER

120 North Court St. Ste. 203 • Portland, IN 47371

Phone: (260) 726-7007 • Fax: (260) 726-6973 • <http://www.jaycounty.net>

CORRECTIVE ACTION PLAN

FINDING 2020-001

Contact Person Responsible for Corrective Action: Paula Miller
Contact Phone Number: 260-726-6928

Views of Responsible Official: I concur with the findings.

Description of Corrective Action Plan:

1. Risk Assessment: Each person receipting taxes will have their own login on the computer. When balancing at the end of the day, a different person will balance the reports and receipts, other than the person that was responsible for the intake of those receipts. Manual adjustments will now be done by the Treasurer and the first deputy jointly, along with each of them reviewing and signing off on the adjustment. A sheet will be made to show all information as to who did what job and who checked it. ALL jobs will have a minimum of two people reviewing the work. ALL jobs will have accompanying sheets that will now show in detail everything that might present the possibility of risk or fraud. No one, other than employees of the Treasurer's office will be allowed to receive tax payments or any type of receipt. Only those bonded under the Treasurer will do so.
2. Control Activities
 - a. Errors in corrections were made, causing reconcilements to be unbalanced. Going forward, no changes will be done to back dated cash book pages. Any and all corrections or adjustments will be done together by both the Treasurer and the first deputy. Once those corrections or adjustments are done on the cash book, another deputy will re-check those changes and sign off on said changes, along with the Treasurer and first deputy. Further, any and all changes done will be checked by someone other than the person making the changes.
 - b. November and December bank settlement for Citizens State Bank was incorrectly reconciled due to a miscommunication between the Treasurer and the bank. The bank had been told not to take money for tax payments. We were sent a bank statement for July, September and December. No statements in between were received. Payments were taken and unnoticed by the Treasurer until December of 2020. Once noticed, the collections and interest were taken out of the Citizen's account and put into the correct fund. After that, the account was completely closed out. In the future, the Treasurer will be certain to obtain monthly statements from each and every bank that consists of an open account. A sheet will be made for each account, which will show details, such as: date received, how statement was received, interest amounts, date interest was figured, and the date that the reconciliation was finished. This sheet will be reviewed and signed by at least two people from the Treasurer's office.

- c. The name of one bank differs from a CD to the cash book. This was purposely done, due to less confusion on all of the bank's titles either beginning with First or Farmers. This will be changed to the correct bank name. Other bank names vary from the bank statements to the cash book and will be changed to the proper names on the cash book immediately. These names will also match to those on the monthly sheet that will be filled out and checked, which will insure consistency.
 - d. Changes to cash book pages were sometimes made, but were not correctly changed in monthly folders, monthly reports, or uploads to the Gateway. This will be corrected by making certain that any changes made in the future will now be correctly reviewed and changed in all formats. Only the Treasurer and first deputy will make the changes. They will do so together and the changes will be checked and approved by the second deputy. The first deputy will be responsible for making all entries to the cash book on a daily basis. Once printed, someone other than the first deputy will review and approve the daily cash pages. The daily sheet will be used as a tool to verify that more than one person is reviewing approving all entries.
 - e. We concur that particular reconcilements were incorrect. Errors were made on the outstanding transactions report, causing the reconcilement to be incorrect. Both the first deputy and Treasurer will be receiving additional training to better understand how to ensure that the same errors will not be made in the future. Both will also receive further training on reconciling monthly bank statements. The reconcilement will be performed by the first deputy and the Treasurer will be reviewing all reconcilements.
 - f. A mistake was made by the Treasurer on the interest in Trust Indiana and not caught in a proper manner by the Treasurer. Once noticed, it was immediately fixed. In the future, the sheet (reference to b) will show interest amounts and be checked and approved by someone other than the Treasurer, being that the Treasurer is the one responsible for the figuring of the interest.
 - g. The Treasurer made a mistake on figures on the After Settlement Collections form. New forms have been done for 2018, 2019, 2020 and 2021. They were turned in to the Auditor's office on February 18, 2022 and will be uploaded to the Gateway. The Treasurer also has printed cash pages that are color coded to specify each amount on the report. Each amount will be checked and signed by the Auditor, so as to ensure accuracy.
 - h. This money was in an envelope in the Treasurer's drawer and handled incorrectly. Any and all overages will immediately be accounted for, along with accompanying paperwork in the daily folder. Any overages or shortages will be accounted for on the cash book, along with an explanation for said overages or shortages. The overages will be entered into the cash book by the first deputy and approved by the Treasurer. Separate deposit slips will be made, checked and approved for these overages. Any shortage will be handled in the same manner, with the first deputy making a note on the cash book and the Treasurer approving it.
3. The Treasurer takes full responsibility for being tardy in sharing needed information to better balance and reconcile. The Treasurer will be going forward with proper internal controls and will also provide better communication and paperwork to establish the importance of such things. In the future, everything will be reviewed by someone other than the person that is doing any report, balancing, reconciling, or any other job in the office. Everything done in the office will have an accompanying sheet to show the details of dates, who performed the task, who checked the task, ect.
 4. The Treasurer will be working and communicating with her deputies in a way that will better the internal controls. She will be providing paperwork to show such betterment. All jobs, which include: receipting, balancing, depositing, cash book entries, corrected errors, reconciling, etc. will have sheets that will show dates, who originally did the work, and who checked the work. Going forward, many sheets will be made to show such controls. No job will be done by one person, without another person checking everything for accuracy and potential errors.

Anticipated Completion Date: All paperwork that will need to be done on either a daily or monthly basis will be done beginning April 1, 2022.

OTHER REPORTS

In addition to this report, other reports may have been issued for the County. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.