

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

JOHNSON COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED
06/08/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Pamela J. Burton	01-01-20 to 12-31-22
County Treasurer	Michele Ann Graves	01-01-20 to 12-31-22
Clerk of the Circuit Court	Trena McLaughlin	01-01-20 to 12-31-22
County Sheriff	Duane E. Burgess	01-01-20 to 12-31-22
County Recorder	Teresa K. Petro	01-01-20 to 12-31-22
President of the Board of County Commissioners	Brian P. Baird	01-01-20 to 12-31-22
President of the County Council	John Myers Rob Henderson James Ison	01-01-20 to 12-31-20 01-01-21 to 12-31-21 01-01-22 to 12-31-22



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF JOHNSON COUNTY, INDIANA

This report is supplemental to our audit report of Johnson County (County), for the period from January 1, 2020 to December 31, 2020. 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 Statements Audit Report of the County, which provides our opinions on the County's financial statements. 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 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 Official Response to the Audit Result and Comment, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

May 25, 2022

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COUNTY AUDITOR
JOHNSON COUNTY

COUNTY AUDITOR
JOHNSON COUNTY
AUDIT RESULT AND COMMENT

FINANCIAL TRANSACTIONS AND REORTING

Condition and Context

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors in its financial statements. The County hired a consultant to prepare the financial statements and notes. The County reviewed the financial statements and notes; however, the internal control was not effective.

The incorrect reversal of the December 31, 2019 custodial funds' accounts payable to calendar year 2020 additions in preparation of calendar year 2020 financial statements resulted in an overstatement of custodial funds' additions and deductions of \$23,621,636 on the Statement of Changes in Fiduciary Net Position - Fiduciary Funds. This was the result of the original adjustment being made to additions instead of deductions and an incorrect amount used in the adjustment for the County Treasurer's office of \$14,191,750 instead of \$5,845,977 as reported in the December 31, 2019 financial statements.

Audit adjustments were proposed, accepted by the County, and the financial statements were adjusted to reflect the accurate amount of the funds.

Criteria

The County is required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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
JOHNSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on May 25, 2022, with Pamela J. Burton, County Auditor; Amy Thompson, Deputy County Auditor; Brian P. Baird, President of the Board of County Commissioners; Sommer Cannon, Baker Tilly consultant; Shena Johnson, County Attorney; and Lynn Kelly, Bookkeeper.