

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

JASPER COUNTY, INDIANA

January 1, 2021 to December 31, 2021



FILED
08/26/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Donya Jordan	01-01-21 to 12-31-22
County Treasurer	Tammy McEwan	01-01-21 to 12-31-22
Clerk of the Circuit Court	Kara Fishburn	01-01-21 to 12-31-22
County Sheriff	Patrick M. Williamson, Sr.	01-01-21 to 12-31-22
County Recorder	Kimberly K. Grow	01-01-21 to 12-31-22
President of the Board of County Commissioners	Kendell Culp	01-01-21 to 12-31-22
President of the County Council	Rein O. Bontreger	01-01-21 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 JASPER 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 Jasper County (County), for the year ended December 31, 2021, and the related notes to the financial statement, which collectively comprise the County's financial statement and have issued our report thereon dated August 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.

Report on 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) as a basis for designing 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 items 2021-001 and 2021-002, 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)

Report on 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 items 2021-001 and 2021-002.

Jasper County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. 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

August 3, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH 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 JASPER COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Jasper 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 each of its major federal programs for the year ended December 31, 2021. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

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 each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-003, to be material weaknesses.

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

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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards require the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

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.

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, 2021, and the related notes to the financial statement. We issued our report thereon dated August 3, 2022, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed 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

August 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.

JASPER COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2021

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Justice</u>					
Coronavirus Emergency Supplemental Funding Program	Indiana Criminal Justice Institute	16.034	2020-VD-BX-0244	\$ -	\$ 43,770
Total - Department of Justice				-	43,770
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction CUMULATIVE BRIDGE INSPECTIONS	INDIANA DEPARTMENT OF TRANSPORTATION	20.205	DES #1592159	-	96,239
Total - Highway Planning and Construction Cluster				-	96,239
Interagency Hazardous Materials Public Sector Training and Planning Grants	Indiana Department of Homeland Security	20.703	693JK31940014HMEP	-	6,500
Total - Department of Transportation				-	102,739
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus Relief Fund COVID 19 CARES ACT	INDIANA FINANCE AUTHORITY	21.019	FY2021	-	108,265
Coronavirus State and Local Fiscal Recovery Funds ARP CORONAVIRUS RECOVERY	Direct	21.027	FY2021	-	30,000
Total - Department of the Treasury				-	138,265
<u>Department of Energy</u>					
State Energy Program	Indiana Office of Energy Development	81.041	266-SEP-ADM-20X	-	18,260
Total - Department of Energy				-	18,260
<u>Department of Health and Human Services</u>					
PUBLIC HEALTH EMERGENCY PREPAREDNESS 93.069 PP BASE 21-22 CRI 7/1/20	INDIANA STATE DEPARTMENT OF HEALTH	93.069	NU90TP922052 NU90TP922052	-	16,195 11,885
Total - PUBLIC HEALTH EMERGENCY PREPAREDNESS				-	28,080

JASPER COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2021

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
Immunization Cooperative Agreements 93.268 HEALTH DEPT COVID GRANT	INDIANA STATE DEPARTMENT OF HEALTH	93.268	NH23IP922631	-	23,223
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Indiana State Department of Health	93.323	6 NU50CK000503	-	26,808
CHILD SUPPORT ENFORCEMENT	Indiana Department of Child Services	93.563			
CLERK INCENTIVE			FY2021	-	8,016
TITLE IV-D REIMBURSEMENT-GENERAL			FY2021	-	152,953
PROSECUTOR INCENTIVE			FY2021	-	18,376
TITLE IV-D INCENTIVE			FY2021	-	22,685
TITLE IV-D INDIRECT COST			FY2021	-	14,022
Total - CHILD SUPPORT ENFORCEMENT				-	216,052
Total - Department of Health and Human Services				-	294,163
<u>Department of Homeland Security</u>					
Disaster Grants - Public Assistance (Presidentially Declared Disasters) KANKAKEE/YELLOW RIVER PROJECT	INDIANA DEPARTMENT OF HOMELAND SECURITY	97.036	DR 4363	-	381,841
Emergency Management Performance Grants EMA REIMBURSEMENT EMA REIMBURSEMENT	INDIANA DEPARTMENT OF HOMELAND SECURITY	97.042	EMC-2020-EP-00001-S01 EMC-2019-EP-00003	- -	20,061 5,000
Total - Emergency Management Performance Grants				-	25,061
BRIC: Building Resilient Infrastructure and Communities	Indiana Department of Homeland Security	97.047	EMC-2018-PC-0007	-	10,564
Total - Department of Homeland Security				-	417,466
Total federal awards expended				\$ -	\$ 1,014,663

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

JASPER 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, 2021. 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.

JASPER 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 programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
21.019	COVID-19 - Coronavirus Relief Fund	Unmodified
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Unmodified

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2021-001

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

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2020-001.

Condition and Context

There were deficiencies in the internal control system of the County related to financial transactions and reporting. The County had not separated incompatible activities related to disbursements and financial reporting.

JASPER COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Payroll Withholdings Disbursements

One employee posted payroll withholding disbursements without an oversight or review process in place to ensure the accuracy, completeness, and classification of the payroll withholdings disbursements recorded in the financial accounting system.

Payroll Disbursements

One employee processed payroll without an oversight or review process in place to ensure the accuracy, completeness, and classification of the payroll disbursements recorded in the financial accounting system.

Vendor Disbursements

An oversight or review process was not in place to ensure the proper classification of vendor disbursements once posted in the financial accounting system.

Financial Reporting

The County prepared and submitted the financial information into the Indiana Gateway for Government Units financial reporting system, which was the source for the financial statement. An oversight and review process was designed and implemented; however, was not effective as it did not detect and allow correction of errors prior to submission.

Due to the lack of effective internal controls, the financial statement presented for audit included the following errors:

1. The Cumulative Capital Improvement fund reported beginning cash and investments balance and disbursements were both overstated by \$1,250,000 related to an investment.
2. The County reported a Total Monies fund with a \$11,000,000 beginning balance. However, the \$11,000,000 of investments were already included in the beginning balances of the other funds, which resulted in beginning cash in total for the County, to be overstated by \$11,000,000.

Audit adjustments were proposed, approved by the County, and made to the financial statement presented in the Financial Statement Audit Report for the County.

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.

JASPER COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(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 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](#)."

Cause

Management had not established a proper system of internal control over disbursements and financial reporting.

Effect

The failure to establish a system of internal control over disbursements could have enabled misstatements or irregularities to remain undetected. The failure to establish an effective system of internal controls over financial reporting enabled material misstatements to remain undetected.

Views of Responsible Officials

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

FINDING 2021-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2020-002.

Condition and Context

The County prepared and submitted the grant information into the Indiana Gateway for Government Units financial reporting system, which was the source for the Schedule of Expenditures of Federal Awards (SEFA), from the County's financial accounting system. An oversight and review process was designed, implemented, and documented; however, the internal controls were not effective and did not detect and allow correction of errors prior to submission.

Due to the lack of effective internal controls, the SEFA presented for audit included the following errors:

JASPER COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

1. The COVID-19 - Coronavirus Relief Fund grant expenditures were overstated by \$1,062,109.
2. The Coronavirus Emergency Supplemental Funding Program grant expenditures were understated by \$43,770.
3. Several additional grants had individually immaterial errors that resulted in expenditures being understated by \$63,831.

Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in this report.

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control . . ."

2 CFR 200.1 states in part:

". . . *Internal controls* for non-Federal entities means:

- (1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:
 - (i) Effectiveness and efficiency of operations;
 - (ii) Reliability of reporting for internal and external use; . . ."

JASPER COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.508 states in part:

"The auditee must: . . .

(b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510. . . ."

2 CFR 200.510(b) states:

"Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414."

Cause

Management had not implemented an effective system of internal control that would have ensured proper reporting of the SEFA.

JASPER COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

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

FINDING 2021-003

Subject: Disaster Grants - Public Assistance (Presidentially Declared Disasters) - Reporting
Federal Agency: Department of Homeland Security
Federal Program: Disaster Grants - Public Assistance (Presidentially Declared Disasters)
Assistance Listings Number: 97.036
Federal Award Number and Year (or Other Identifying Numbers): DR 4363
Pass-Through Entity: Indiana Department of Homeland Security
Compliance Requirement: Reporting
Audit Finding: Material Weakness

Condition and Context

The County had not established an effective internal control system over the Project Quarterly Progress (Quarterly Reports) reports to ensure compliance with the Reporting compliance requirement. The Quarterly Reports were prepared by the County Surveyor Secretary and reviewed by the County Surveyor, but were not effective and did not prevent, or detect and correct, errors.

The lack of effective internal controls was a systemic issue throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (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 had not implemented an effective system of internal control that would have ensured compliance with the Reporting compliance requirement.

JASPER COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to implement an effective system of internal controls could have enabled material noncompliance to go undetected.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County's management establish and implement a system of internal controls to ensure compliance with the grant agreement and the Reporting compliance requirement.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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



July 11, 2022

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-001 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2019

Status of Audit Finding: In Progress

The annual financial report submitted to Gateway was reviewed by one of the Deputy Auditors in the office. This procedure was implemented for the 2021 Annual Financial Report submitted in 2022; however, the controls weren't effective because we did not detect material errors. For the 2022 Annual Financial Report submitted in 2023 we will work on improving the internal control to detect any errors.

115 W. Washington St Ste 200
Rensselaer, IN. 47978
219-866-4935



July 11, 2022

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-002 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2019

Status of Audit Finding: In Progress

The federal schedule submitted to Gateway was reviewed by one of the Deputy Auditors in the office. This procedure was implemented for the 2021 Annual Financial Report (including the federal schedule) submitted in 2022; however, the controls weren't effective because we did not detect material errors. For the 2022 Annual Financial Report (including the federal schedule) submitted in 2023 we will work on improving the internal control to detect any errors.

115 W. Washington St Ste 200
Renssealer, IN. 47978
219-866-4935



August 1, 2022

CORRECTIVE ACTION PLAN

FINDING 2021-001

Contact Person Responsible for Corrective Action: Donya Jordan
Contact Phone Number: 219-866-4654

Views of Responsible Official

We concur with the finding.

Description of Corrective Plan:

All claim and payroll vouchers will be reviewed by one of the deputy auditors in the office which would ensure their accuracy, completeness, and classification.

There was an error with an investment that was receipted into the incorrect fund which was corrected in February of 2022.

We will not report the amount of the \$11,000,000.00 on our AFR starting with 2022. We will create a process to ensure investment activity is not reported.

The Annual Financial Report submitted to Gateway will be reviewed by one of the deputy auditors in the office which would ensure all financial activity to be reported accurately.

These procedures will be implemented as of January 1, 2023.

115 W. Washington St Ste 200
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219-866-4935



August 1, 2022

CORRECTIVE ACTION PLAN

FINDING 2021-002

Contact Person Responsible for Corrective Action: Donya Jordan
Contact Phone Number: 219-866-4654

Views of Responsible Official:

We concur with the finding.

Description of Corrective Plan:

The federal schedule submitted to Gateway will be reviewed by one of the deputy auditors in the office which would ensure all federal grants to be reported accurately.

Anticipated Completion Date: These procedures will be implemented for the 2022 Annual Financial Report submitted in 2023.

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VINCE URBANO
(219) 866-4907
(219) 866-4641 - Fax



2530 N. MCKINLEY AVENUE, STE 2
RENSSELAER, INDIANA 47978

CORRECTIVE ACTION PLAN

FINDING 2021-003

Contact Person Responsible for Corrective Action: Vince Urbano
Contact Phone Number: 219-866-4907

View of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The FEMA/INDHS Quarterly Reports submitted to FEMA/INDHS will be reviewed by the Assistant Surveyor in the office which would ensure all Quarterly Reports submitted will be reported accurately.

Anticipated Completion Date:

The procedures will be implemented immediately on any future FEMA/INDHS Quarterly Reports required.

Sincerely,

Vince Urbano
Jasper County Surveyor

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/>.