

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

JASPER COUNTY, INDIANA

January 1, 2021 to December 31, 2021



FILED
08/26/2022

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
County Auditor:	
Audit Results and Comments:	
Financial Transactions and Reporting	6-7
Capital Assets	7-8
Motor Vehicle Highway (MVH) - Restricted Fund Expenditures	8
Certification on Internal Control Standards	8-9
Exit Conference	10
County Council:	
Audit Result and Comment:	
Training on Internal Control Standards	12
Exit Conference	13

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



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDIANAPOLIS, INDIANA 46204-2769

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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, 2021 to December 31, 2021. 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 opinions 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.

Beth Kelley, CPA, CFE
Deputy State Examiner

August 3, 2022

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COUNTY AUDITOR
JASPER COUNTY

COUNTY AUDITOR
JASPER COUNTY
AUDIT RESULTS AND COMMENTS

FINANCIAL TRANSACTIONS AND REPORTING

A similar comment also appeared in prior Reports B53625 and B55858, entitled *FINANCIAL TRANSACTIONS AND REPORTING*; and Report B57911, entitled *INTERNAL CONTROLS OVER FINANCIAL REPORTING*.

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.

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 the vendor disbursements once posted to 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 had been 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.

COUNTY AUDITOR
JASPER COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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. . . ."

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](#)."

CAPITAL ASSETS

This same comment appeared in a Management Letter addressed to the County Auditor for the audit period ending December 31, 2020.

Condition and Context

The County did not maintain a complete detail listing of all capital assets owned which reflected their acquisition value. The listing did not support the amounts reported by the County in the Indiana Gateway for Government Units financial reporting system. The County approved the omission of the Schedule of Capital Assets from the Financial Statement Audit Report.

In addition, the County had failed to complete a physical inventory of capital assets at least every two years as required.

COUNTY AUDITOR
JASPER COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

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](#)."

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND EXPENDITURES

Condition and Context

The County created a Motor Vehicle Highway (MVH) Restricted sub-fund within the Motor Vehicle Highway fund and posted 50 percent of the state motor vehicle highway distributions to the sub-fund as required. However, the County disbursed \$6,437 for fuel purchases which were determined to not be for the construction, reconstruction, and preservation of the County's highways.

Criteria

Indiana Code 8-14-1-4(b) states: "For funds distributed to a county from the motor vehicle highway account, the county shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the county's highways."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

This same comment appeared in a Management Letter addressed to the County Auditor for the audit period ending December 31, 2020.

Condition and Context

The County certified on the Indiana Gateway for Government Units financial reporting system that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the County; however, no employees had received the training.

COUNTY AUDITOR
JASPER COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

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](#)."

COUNTY AUDITOR
JASPER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 3, 2022, with Donya Jordan, County Auditor; Paul Norwine, County Council member; and Richard Maxwell, County Commissioner.

COUNTY COUNCIL
JASPER COUNTY

COUNTY COUNCIL
JASPER COUNTY
AUDIT RESULT AND COMMENT

TRAINING ON INTERNAL CONTROL STANDARDS

This same comment appeared in a Management Letter addressed to the County Auditor for the audit period ending December 31, 2020.

Condition and Context

The County failed to ensure training was provided for personnel over the internal control standards adopted, as required by Indiana Code 5-11-1-27(g). Testing determined no employees had received the training.

Criteria

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

COUNTY COUNCIL
JASPER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 3, 2022, with Paul Norwine, County Council member; Donya Jordan, County Auditor; and Richard Maxwell, County Commissioner.