

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

JEFFERSON 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	Sherry Eblen Heather Huff	01-01-21 to 05-27-21 05-28-21 to 12-31-22
County Treasurer	Melinda L. Klopp	01-01-21 to 12-31-22
Clerk of the Circuit Court	Tabatha Eblen	01-01-21 to 12-31-22
County Sheriff	David W. Thomas	01-01-21 to 12-31-22
County Recorder	Molly O'Conner	01-01-21 to 12-31-22
President of the Board of County Commissioners	David Bramer Ron Lee	01-01-21 to 12-31-21 01-01-22 to 12-31-22
President of the County Council	Pam Crozier Ray Denning	01-01-21 to 12-31-21 01-01-22 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 JEFFERSON 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 Jefferson 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 11, 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.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001, 2021-002, 2021-003, and 2021-005 to be material weaknesses.

A significant deficiency is a deficiency, or a 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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2021-004 to be significant deficiencies.

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, 2021-002, 2021-003, 2021-004, and 2021-005.

Jefferson 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 11, 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 JEFFERSON COUNTY, INDIANA

Report on Compliance for the Major Federal Program

Qualified Opinions

We have audited Jefferson 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, 2021. 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.

Qualified Opinion on Community Development Block Grants/ State's program and Non-Entitlement Grants in Hawaii

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinions* section of our report, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii for the year ended December 31, 2021.

Basis for Qualified Opinions

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.

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)

Matter Giving Rise to Qualified Opinion on Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii

As described in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the County with 14.228 Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii as described in finding number 2021-006 for Reporting. Consequently, we were unable to determine whether the County complied with those requirements applicable to that program.

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.

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.

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)

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The County's response to the noncompliance 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 compliance, and, accordingly, we express no opinion on the response.

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 2021-006, to be material weaknesses.

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.

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, 2021, and the related notes to the financial statement. We issued our report thereon dated August 11, 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 11, 2022

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.

JEFFERSON 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 Housing and Urban Development</u>					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii DEPUTY FIRE DEPT GRANT	Indiana Office of Community and Rural Affairs	14.228	PF-18-107	\$ 500,000	\$ 500,000
COVID-19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii OCRA COVID-19 GRANT	Indiana Office of Community and Rural Affairs	14.228	CV-CV1-233	-	319,463
Total - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii				500,000	819,463
Total - Department of Housing and Urban Development				500,000	819,463
<u>Department of Justice</u>					
COVID-19 - Coronavirus Emergency Supplemental Funding Program Coronavirus Emergency Supplement Funding Program	Indiana Criminal Justice Institute	16.034	2020-VD-BX-0244	-	43,994
Crime Victim Assistance 2020 VOCA	Indiana Criminal Justice Institute	16.575	VOCA-2020-00175	-	30,467
Edward Byrne Memorial Justice Assistance Grant Program 2021 JAG Grant	Indiana Criminal Justice Institute	16.738	JAG-2021-00081	-	41,367
Total - Department of Justice				-	115,828
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction Bridge Inspection	Indiana Department of Transportation	20.205	DES# 1500208	-	49,946
Total - Highway Planning and Construction Cluster				-	49,946
Highway Safety Cluster State and Community Highway Safety Criminal Justice Institute	Indiana Criminal Justice Institute	20.600	CHIRP-2020-00096	-	3,229
Total - Highway Safety Cluster				-	3,229
Total - Department of Transportation				-	53,175
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus Relief Fund Coronavirus Relief Fund	Indiana Finance Authority	21.019	2021	-	97,766
COVID-19 - Coronavirus State And Local Fiscal Recovery Funds ARP	Direct Grant	21.027	2021	-	5,000
Total - Department of the Treasury				-	102,766

JEFFERSON 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
Department of Health and Human Services					
Public Health Emergency Preparedness Public Health Emergency Preparedness	Indiana State Department of Health	93.069	6NU90TP922052	-	29,152
Immunization Cooperative Agreements Immunization and Vaccine for Children	Indiana State Department of Health	93.268	NH23IP922631	-	67,980
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) Health Department Grant	Indiana State Department of Health	93.323	ECVDP20	-	126,808
Child Support Enforcement Prosecutor Incentive Clerk Incentive County Incentive Child Support Prosecutor Child Support Clerk Child Support Court Child Support Indirect Costs	Indiana Department of Child Services	93.563	2021 2021 2021 2021 2021 2021 2021	- - - - - - -	22,232 2,256 26,454 103,319 37,052 177 26,165
Total - Child Support Enforcement				-	217,655
Opioid STR Opioid Response	Indiana Supreme Court	93.788	21-5JC89-C39-001	-	41,409
Total - Department of Health and Human Services				-	483,004
Department of Homeland Security					
Emergency Management Performance Grants EMA Salary Reimbursement EMA Salary Reimbursement	Indiana Department of Homeland Security	97.042	19 EMPG 20 EMPG	- -	23,430 30,000
Total - Emergency Management Performance Grants				-	53,430
Total - Department of Homeland Security				-	53,430
Total federal awards expended				\$ 500,000	\$ 1,627,666

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

JEFFERSON 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.

JEFFERSON 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?	yes
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
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 Program and type of auditor's report issued on compliance for it:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Qualified

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: 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 2020-001.

JEFFERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

The County had not established internal controls over the federal award information entered in the Indiana Gateway for Government Units financial reporting system, which was the source of the County's Schedule of Expenditures of Federal Awards (SEFA). The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the SEFA. No evidence was presented for audit that indicated someone other than the person that entered the federal grant information reviewed the information for completeness and accuracy.

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

1. The Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii program expenditures were understated by \$519,463.
2. The Child Support Enforcement program expenditures were understated by \$217,655.
3. The COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) program was omitted, which understated expenditures by \$126,808.
4. The COVID-19 - Coronavirus Relief Fund was omitted, which understated expenditures by \$97,766.
5. The Highway Planning and Construction program was omitted, which understated expenditures by \$49,946.
6. Several additional grants had individually immaterial errors that resulted in misstatements of expenses of \$236,517, in total.
7. Other errors included incorrect or omitted Assistance Listings Numbers, program names, and identifying numbers.

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. . . .

JEFFERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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; . . ."

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.

JEFFERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (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 established a system of internal control that would have ensured proper reporting of the SEFA.

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.

FINDING 2021-002

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 2020-002.

Condition and Context

The County Treasurer did not have a proper system of internal control in place over financial transactions and reporting to prevent, or detect and correct, errors in cash and investments. The County Treasurer had not established internal controls to ensure monthly bank reconciliations were complete and accurate, and to ensure financial activity was accurately recorded in the County Treasurer's Daily Balance of Cash and Depositories (County Treasurer's Cash Book) and reported.

The following deficiencies were identified:

1. Monthly bank reconciliations were not performed for the self-insurance and revolving loan depository accounts. Bank reconciliations were performed for the other depository accounts; however, the reconciliations contained numerous errors and the incorrect balance was used to reconcile. On December 31, 2021, a difference of \$336,331 cash short existed between the depository account balance and the record balance.

JEFFERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. Several errors were identified with the activity recorded in the County Treasurer's Cash Book. The amount reported for after-settlement collections contained unidentified variances of negative \$8,645. The monies on hand at the various bank depository accounts did not agree with the total monies on hand for after-settlement collections and the funds ledger balance. An entry was included in the bank depository account of negative \$7,600 to force the depository account balance totals to agree with the total fund ledger and after-settlement collections total.
3. The Fund Ledger Cash and Investment Balance per the County Treasurer's Cash Book (control record) was not in agreement with the County Treasurer's detail fund ledger (subsidiary record). On December 31, 2021, the subsidiary record balance was \$441,302 more than the control record balance.
4. Errors were identified in the financial activity recorded in 2020. Corrections were made to the financial records by adjusting the 2020 financial records instead of making corrections in the current period. This resulted in the beginning cash and investments balance in 2021 being different than the 2020 ending balance previously reported.
5. The County Treasurer's Monthly Financial Report (Form 47TR) was to be prepared monthly in quadruplicate with one copy retained by the County Treasurer and three copies filed with the County Auditor for transmission to the Board of Finance, Board of County Commissioners, and Indiana State Board of Accounts. The reported deposits in transit and outstanding warrants and interest reported could not be traced to supporting documentation. The balance of all ledger accounts reported was not in agreement with amounts reported on the County Treasurer's Cash Book.
6. The financial data reported by the County Treasurer to the County Auditor on the Supplemental Annual Financial Report (CAR-1 report) was not in agreement with the County Treasurer's Cash Book. The "Other Sources" financial activity was omitted, which resulted in receipts and disbursements being understated by \$644,564 and \$652,117, respectively. The ending cash and investments balance was understated by \$644,564. Audit adjustments were proposed, accepted by the County, and made to the financial statement presented in the Financial Statement Audit Report of 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.

An integral part of the control activity component is segregation of duties. . . .

JEFFERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of the 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 balances 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)

Indiana Code 5-13-5-1(a) states:

"Every public officer who receives or distributes public funds shall:

- (1) Keep a cashbook into which the public officer shall enter daily, by item, all receipts of public funds; and
- (2) balance the cashbook daily to show funds on hand at the close of the day."

The Treasurer's Daily Balance of Cash and Depositories, Form 47, is the record prescribed to enable the treasurer to comply with IC 5-13-5-1. It reflects the daily receipts and disbursements, total amount of cash and investments on hand, and a proof of the financial condition of the office at the close of the day.

The record is designed to be posted "daily", with a separate page for each day. The left side of the page shows the total amount of money for which the treasurer is accountable (charges) and the right side of the page shows the money on deposit invested or on hand (credits), as proof of the financial condition. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 3)

On or before the 16th day of each month the treasurer shall prepare a report showing the financial condition of the office as of the close of business on the last day of the preceding month.

This report shall show the amounts with which the treasurer is chargeable for the various funds and accounts, the amounts with which the treasurer is credited for money on deposit, invested and cash on hand and any long or short at the close of each month. The report also provides space for reconciliation with depositories.

The report shall be prepared in quadruplicate and each copy shall be verified by certificate of the treasurer. The treasurer shall retain one copy as a public record in the office and three copies shall be filed with the county auditor. The county auditor shall file the original of said reports with the records of the county board of finance, one copy shall be presented to the board of county commissioners at its next regular meeting, and the county auditor shall immediately transmit one copy to the State Board of Accounts.

JEFFERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

This report has been prescribed by the state board of accounts and designated as Form 47TR. This form is self-explanatory and all of the information required can be obtained from the daily balance of cash and depositories, except for the bank balances shown on the bank statements and the amounts of the outstanding warrants which are obtained from the bank reconcilements.

3) (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter

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](#)."

The supplemental annual report forms are submitted by other county offices and departments to be used by the county auditor to provide complete financial information for the annual report by reporting financial activity that is maintained outside of the county auditor's system. The supplemental annual reports are only to be submitted with financial activity that is not eventually accounted for in the county's general ledger system. (The County Bulletin and Uniform Compliance Guidelines, January 2014)

Cause

Management had not established a proper system of internal control that would have ensured proper recording of financial transactions and reporting.

Effect

Without a proper system of internal control in place misstatements or irregularities remained undetected.

Views of Responsible Officials

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

FINDING 2021-003

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

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2020-003.

Condition and Context

There were deficiencies in the internal control system of the County Auditor related to financial close and reporting, and disbursements.

JEFFERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The following errors were noted:

Financial Close and Reporting

The County had not established a system of internal control over the financial information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the County's Annual Financial Report and financial statement. Due to the lack of internal controls the financial statement included the following material errors:

1. One fund was omitted from the financial statement. The fund had no receipt and disbursement activity for the year, and a beginning and ending cash and investments balance of \$15,389.
2. The beginning cash and investments balance for three funds were incorrectly reported on the financial statement. The error resulted in the beginning cash and investments balance being overstated by \$710,399.
3. Activity for two funds were reported on the financial statement that did not have financial activity in 2021. The error resulted in the beginning cash and investments balance being overstated by \$9,290.
4. Financial activity for the Clerk Cash Bond fund presented in the financial statement, by the County Auditor (Auditor), differed from the activity provided by the Clerk of the Circuit Court (Clerk) to the Auditor for inclusion in the financial statement. The beginning cash and investments balance reported by the Auditor was \$182,715 more than reported by the Clerk. The receipts reported by the Auditor were \$702,017 more than reported by the Clerk. Disbursements reported by the Auditor were \$1,041,949 more than reported by the Clerk, and the ending cash and investments balance was \$157,217 less than reported by the Clerk.

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

Disbursements

The County did not have a proper system of internal control over disbursements related to its Self-Insurance fund. Payments made to the County's third-party administrator for the processing of health insurance claims and payments of related administrative fees did not have a documented review and approval process to ensure the health insurance claims processed were for actual employees of the County. Additionally, procedures were not in effect to ensure Self-Insurance fund payments were recorded timely to the financial records.

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:

JEFFERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

"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](#)."

Cause

Management had not established a proper system of internal control that would have ensured proper recording of financial transactions and reporting. Management had not established a system of internal control to ensure proper reporting of disbursements.

Effect

Without a proper system of internal control in place, material misstatements or irregularities remained undetected. The financial statement 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.

FINDING 2021-004

Subject: Financial Transactions and Reporting - County Sheriff
Audit Findings: Significant Deficiency, Noncompliance

Condition and Context

There were several deficiencies in the internal control system of the County Sheriff's Department related to financial transactions and reporting. The County Sheriff (Sheriff) did not have a proper system of internal control in place over financial transactions and reporting to prevent, or detect and correct, errors.

JEFFERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Commissary Funds

Internal control deficiencies over the Sheriff Commissary funds were identified as follows:

1. The Sheriff had not separated incompatible activities related to financial transactions of the Sheriff Commissary fund. One employee was responsible for issuing receipts; reconciling daily collections; preparing and making bank deposits; recording receipts and disbursement transactions to the financial records; and performing the reconciliation of the depository account balance with the record balance. This same individual was also an authorized signer on the depository bank account and signed checks on occasion if the County Sheriff was not available.
2. Internal controls were not in place to verify the receipt of goods or services prior to payment of invoices.
3. Internal controls in place over the approval of disbursements were ineffective. The Sheriff compared the invoiced amount with the check prepared by the Bookkeeper and indicated his approval by signing the check. The internal control was not considered effective as the Bookkeeper had access to the Sheriff's signature stamp thus making it difficult to ascertain which disbursements were approved by the Sheriff or stamped by the Bookkeeper. The Bookkeeper was also an authorized signer on the depository account and would on occasion sign checks when the Sheriff was not available.
4. There were no oversight, review, or approval processes in place over the financial transactions or the monthly bank reconciliements.

Inmate Trust

Internal control deficiencies over the Sheriff Inmate Trust funds were identified as follows:

1. The County Sheriff (Sheriff) had not separated incompatible activities related to financial transactions of the Sheriff Inmate Trust accounts. One employee was responsible for issuing receipts; reconciling daily collections; preparing and making bank deposits; recording receipts, disbursements, and adjustments in the financial records; and issuing checks.
2. Internal controls were not in place to ensure monies were deposited in a timely manner. Deposits were typically made once a week with amounts deposited exceeding \$500.
3. Internal controls were not in place over disbursements. There were no internal controls in place to verify the receipt of goods prior to payment of invoices or for the approval of payments. There were no internal controls in place to verify that amounts invoiced by the vendor for goods ordered by the inmates had been properly deducted from the inmates' accounts. Internal controls were not in place to ensure documentation was retained to support disbursements made.
4. Internal controls were not in place over the inventory of debit cards issued to inmates to ensure all cards were properly accounted for and the dollar value placed on the card was properly authorized.

JEFFERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

5. A process was not in place to review the financial records to identify unusual or incorrect financial transactions. A review of the financial ledger identified several accounts that had unexpected and usual balances indicating financial activity had not been recorded properly in the records or processed correctly within the computerized accounting system. The following accounts were identified as having improper or unusual balances:
 - a. The Vendor Payable account for amounts owed to vendors for inmate purchases had a debit balance; whereas the account was expected to have a credit balance if activity had been properly recorded with the financial system.
 - b. The Inmate Bond payable account had a balance at year end that was comprised of amounts associated with inmate balances that existed prior to 2021. If transactions had been properly recorded in the financial records, there should be a zero-balance associated with any activity prior to 2021 as the monies should have been disbursed to the Clerk of the Circuit Court.
 - c. The Cash Checking account had a large deficit account balance. This was the result of financial transactions that had not been properly processed within the computerized accounting system to finalize the receipt of electronic funds transfers and correctly record the activity to the cash checking account.
 - d. The Payment Cards A/P account, representing amounts refunded to inmates via the use of debit cards, had activity within the account that had not been properly processed within the accounting system. If transactions had been properly processed, activity within the account should have been cleared from the account and recorded in the cash checking account.
 - e. The Debt Account A/R account representing amounts owed by inmates for purchases had activity related to prior years that had not been properly processed and cleared out within the financial system to charge the inmate account.
6. A reconciliation of the depository account balance with the financial ledger record balance was not performed.
7. Reconciliation of the inmate subsidiary control account to the detail subsidiary record was not performed.
8. There were no internal controls in place over recording and approving adjustments made to the financial records.
9. Internal controls were not in place to ensure accurate reporting of financial activity on the Supplemental Annual Financial Report submitted to the County Auditor for inclusion of the activity in the County's annual financial statement. As a result, amounts reported to the County Auditor were incorrect.

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:

JEFFERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

"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 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

Indiana Code 5-13-6-1(g) states in part:

"The following are not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars (\$500): . . .

- (2) A local officer of a political subdivision required to deposit funds under subsection (c) other than a township trustee. . . ."

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 ledgers, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

The supplemental annual report forms are submitted by other county offices and departments to be used by the county auditor to provide complete financial information for the annual report by reporting financial activity that is maintained outside of the county auditor's system. The supplemental annual reports are only to be submitted with financial activity that is not eventually accounted for in the county's general ledger system. (The County Bulletin and Uniform Compliance Guidelines, January 2014)

Cause

Management had not established a proper system of internal control that would have ensured proper recording of financial transactions and reporting.

Effect

Without a proper system of internal control in place material misstatements or irregularities remained undetected.

JEFFERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2021-005

Subject: Financial Transactions and Reporting - Clerk of the Circuit Court
Audit Findings: Material Weakness, Noncompliance

Condition and Context

The Clerk of the Circuit Court did not have a proper system of internal control in place over financial transactions and reporting to prevent, or detect and correct, errors. Internal controls in place were not effective to detect errors on the Supplemental CAR-1 (CAR-1) submitted to the County Auditor for inclusion of the financial activity in the County's annual financial statement.

The amount reported on the CAR-1 did not include the financial activity associated with the child support system (ISETS). Additionally, the amount reported did not include financial activity for the first five months of the year maintained in the computerized accounting system used prior to switching to a new computerized system in May 2021. As a result, the amounts reported to the County Auditor understated the beginning cash and investments balance by \$44,862, understated receipts by \$876,104, and understated disbursements by \$831,242.

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

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. . . ."

JEFFERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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](#)."

The supplemental annual report forms are submitted by other county offices and departments to be used by the county auditor to provide complete financial information for the annual report by reporting financial activity that is maintained outside of the county auditor's system. The supplemental annual reports are only to be submitted with financial activity that is not eventually accounted for in the county's general ledger system. (The County Bulletin and Uniform Compliance Guidelines, January 2014)

Cause

Management had not established a proper system of internal control that would have ensured proper recording of financial transactions and reporting.

Effect

Without a proper system of internal control in place, material misstatements or irregularities remained undetected. The financial statement 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 2021-006

Subject: COVID-19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii - Reporting
Federal Agency: Department of Housing and Urban Development
Federal Program: COVID-19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii
Assistance Listings Number: 14.228
Federal Award Number and Year (or Other Identifying Number): CV-CV1-233
Pass-Through Entity: Indiana Office of Community and Rural Affairs
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

An effective internal control system was not in place at the County to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement. The County had not established a system of internal control to ensure that proper documentation was retained for audit.

The County submitted the required CDBG-CV Reports on Jobs Retained for the grant program, but did not retain supporting documentation for audit. Due to the lack of supporting documentation, we were unable to determine the accuracy of the report submitted.

JEFFERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The lack of internal controls and the failure to maintain adequate supporting documentation was isolated to the CDBG-CV Reports on Jobs Retained report.

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). . . ."

2 CFR 200.334 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

Cause

Management had not established a system of internal control that would have ensured compliance, and that adequate supporting documentation would have been maintained and made available for audit related to the grant agreement and the Reporting compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Reporting compliance requirement could have resulted in the loss of federal funds to the County.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County's management establish an effective system of internal control as well as maintain documentation to ensure compliance with the grant agreement and 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.



The Office of:

HEATHER HUFF

COUNTY AUDITOR

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-001

Fiscal year in which the finding initially occurred:2020

Status of Audit Finding:

During the 2020 audit I was notified of issues with SEFA reporting. Immediately I began to search for a correct and efficient plan to track grants. The 2020 audit was completed early 2022. Our grants are still a work in progress but we are working towards all Federal Grants having separate funds with the CFDA number in the title. All departments are asked when receiving new grants to complete the newly created Grant Summary report. In addition, we are in the process of implementing a process of sharing all reporting information with the Auditor's Office to ensure accurate reporting. This is an ever evolving process, but I hope to have all processes complete by the end of the year 2022.

JEFFERSON COUNTY TREASURER

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-002

Fiscal year in which the finding initially occurred:2020

Status of Audit Finding:

We are currently implementing internal controls in the Treasurer's office to comply with the 2020 audit to ensure complete and accurate reporting. The errors listed will be corrected by the end of December 2022.



The Office of:

HEATHER HUFF

COUNTY AUDITOR

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-003

Fiscal year in which the finding initially occurred:2020

Status of Audit Finding:

During the 2020 audit I was notified of issues with the Internal Control Process. The County has an Internal Control Process, but it was not being applied to the AFR process. We are currently implementing a plan in the Auditor's Office to review entries in Gateway. Currently if the Deputy Auditors upload to Gateway the Auditor must verify and submit the upload. This same process will now be logged when the Auditor inputs information it will be reviewed and signed off on by an Auditor Deputy. This is a work in progress as there has not been an online submission that required approval yet. This plan will be implemented when the Auditor enters the budget numbers in gateway for 2023 budget.



The Office of:

HEATHER HUFF

COUNTY AUDITOR

CORRECTIVE ACTION PLAN

FINDING 2021-001

Contact Person Responsible for Corrective Action: Heather Huff

Contact Phone Number: 812-274-3866

Views of Responsible Official: Agree with the findings.

Description Of Corrective Action Plan: As previously described the Auditor's Office will use a log to have dual controls when entering the Gateway. The current Auditor has developed a new system of reporting grants to the Auditor's Office to help ensure the SEFA is accurate.

Anticipated Completion Date: Although this is a work in progress, I anticipate all plans to be completed for the 2022 AFR.

JEFFERSON COUNTY TREASURER

CORRECTIVE ACTION PLAN

FINDING 2021-002

Contact Person Responsible for Corrective Action: Melinda Klopp, Meghan Hoskins
Contact Phone Number: 812-265-8910

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

1. Self-insurance and Revolving Loan bank accounts will be reconciled monthly
2. Unidentified variance in cash book will be researched
3. Will research why the Fund Ledger Cash and Investment balance per the Cash book isn't in agreement with the Treasurer's detail fund ledger.
4. Will ensure the Monthly Financial Report (Form 47TR) has supporting documentation and that the balance of all ledger accounts are in agreement to with the amounts reported in the Cash book
5. Will ensure the CAR-1 is in agreement with the cash Book going forward.

Anticipated Completion Date:12/31/2022



The Office of:

HEATHER HUFF

COUNTY AUDITOR

CORRECTIVE ACTION PLAN

FINDING 2021-003

Contact Person Responsible for Corrective Action: Heather Huff

Contact Phone Number: 812-274-3866

Views of Responsible Official: Agree with the findings.

Description Of Corrective Action Plan: The Auditor's Office will diligently work to properly report the AFR. Internal Controls will be in place to ensure accurate reporting. The County HR and Payroll will now have a log of approved payments by the 3rd party administrator for the County's Self Insured Policy.

Anticipated Completion Date: Although this is a work in progress, I anticipate all plans to be completed for the 2022 AFR.



JEFFERSON COUNTY SHERIFF'S OFFICE

317 WALNUT ST. MADISON INDIANA 47250
OFFICE 812-265-2649 FAX 812-265-2941



CORRECTIVE ACTION PLAN

FINDING 2021-004

Contact Person Responsible for Corrective Action: Megan Humphrey (Inmate Trust)
Libby Hoffman (Commissary)

Contact Phone Number: 812-274-3960, 812-274-3971

Commissary Funds

Views of Responsible Official:

After reviewing the findings, I can agree that there should be a "checks and balances" with the Sheriff's Commissary account. Sheriff has always reviewed the deposits and invoices and was aware of all transactions in and out of the Sheriff's Commissary Account but, had never been an approval process verifying those transactions.

Below is the planned corrective action plan moving forward.

Description of Corrective Action Plan:

- Jefferson County Sheriff will sign all invoices and deposit receipts, including all bank statements. This will verify that controls are in place for receipt of goods or services, payments of all invoices and review of bank statements. This will ensure an oversight or approval control over the financial transactions and that bank reconciliations are being completed and accurate.

Inmate Trust Funds

Views of Responsible Official:

After the review of the findings, I can agree with the errors and corrections that need to be made. However, the standards and procedures in place, had not been shown to me nor was it taking place before personally being in this position. We have been making efforts to correct the inmate trust account since February 2022, with errors going back to 2018. Below is our established corrective action plan moving forward.

Description of Corrective Action Plan:

- Minimizing the number of people that have access to Canteen disbursements. Inmate withdrawals will only be handled by myself or a shift lead member if I, Megan Humphrey, am not present.
- A verifier for checks and balances has been appointed to Captain Brian White, who will assist in reviewing my daily operations (deposits, checks, reconciliations, etc.). Major John Schoenstein will assist in verifying if Captain White is not available.
- Working with our Kitchen vendor to receive an itemized list that is signed off for deliveries and commissary hand out to the inmates. This will give us more verification on the bill being paid.
- Extensive training with our vendor to have a better grasp/knowledge of the daily operations within our system.

Anticipated Completion Date: March 1, 2023



Jefferson County Clerk

Courthouse, Room 203

300 E. Main Street

Madison, Indiana 47250

Phone: (812) 265-8924 ext. 1924 Fax: (812) 273-5428

CORRECTIVE ACTION PLAN

FINDING 2021-005

Contact Person Responsible for Corrective Action: Tabatha Eblen, Circuit Court Clerk
Contact Phone Number: (812)265-8924 ext. 1924

Views of Responsible Official: We Concur with the finding

Description of Corrective Action Plan:

The Clerk's Office switched judicial systems in May of 2021. Due to conversion, it was unclear that all of the totals did not pull from CSI into the Odyssey System.

In moving forward this should not be an issue as all of the year 2022 is in fact the Odyssey System. Regarding ISETS: this will be a manually prepared report.

This is based on the Account Reconciliation Report that is completed each month showing ISETS to be in balance.

For Example, the beginning of the year balance will be referenced along with all receipts and disbursements for each month to work towards the Grand Total for the year.

This will be proved by attaching the appropriate Bank Account Reconciliation Reports to the completed CAR Report.

This will be prepared by the Bookkeeper, reviewed by the Backup Bookkeeper, and Signed

Anticipated Completion Date: 12/31/22



JEFFERSON COUNTY, INDIANA
BOARD OF COMMISSIONERS

CORRECTIVE ACTION PLAN

FINDING 2021-006

Contact Person Responsible for Corrective Action: Erica Cline
Contact Phone Number: 812-274-3839

Views of Responsible Official: Jefferson County concurs with the finding.

Description of Corrective Action Plan: Information will be collected via email or in writing for the Economic Recovery Reporting form as supporting evidence.

Anticipated Completion Date: 8/31/2022

300 East Main Street, Room 103, Madison, IN 47250 | (812) 274-3839

erica.cline@jeffersoncounty.in.gov | www.jeffersoncounty.in.gov

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/>.