

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

JENNINGS COUNTY, INDIANA

January 1, 2021 to December 31, 2021



**FILED**

09/14/2022



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## SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Tessia Salsman Kitty Shepherd (interim) Sarah Abel	01-01-21 to 08-01-22 08-02-22 to 08-14-22 08-15-22 to 12-31-22
County Treasurer	Tina Brison	01-01-21 to 12-31-22
Clerk of the Circuit Court	Amy Thompson	01-01-21 to 12-31-22
County Sheriff	Kenny Freeman	01-01-21 to 12-31-22
County Recorder	Mary Dorsett Kilgore	01-01-21 to 12-31-22
President of the Board of County Commissioners	Matt Sporleder	01-01-21 to 12-31-22
President of the County Council	Charlie Weber	01-01-21 to 12-31-22



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
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TO: THE OFFICIALS OF JENNINGS COUNTY, INDIANA

This report is supplemental to our audit report of Jennings 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/](http://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 24, 2022

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COUNTY AUDITOR  
JENNINGS COUNTY

COUNTY AUDITOR  
JENNINGS COUNTY  
AUDIT RESULTS AND COMMENTS

**MONTHLY AND ANNUAL ENGAGEMENT UPLOADS**

*Condition and Context*

The files and governmental unit information that are required to be uploaded annually for County Auditors include detailed receipt activity reports, detailed disbursement activity reports, annual payroll history reports, annual vendor history report, annual funds ledger, and the current year salary ordinance. These uploads are required to be made no later than March 1<sup>st</sup> of the subsequent year. The 2021 required files were not uploaded until May 2022, after an audit request was made.

The files and governmental unit information that are required to be uploaded monthly for County Auditors include approved monthly board minutes, funds ledgers, and documentation of the reconciliation between the County Auditor and County Treasurer's office. These uploads are required to be made no later than the 15<sup>th</sup> of each subsequent month. No monthly uploads were made for 2021 until at least December of 2021. Additionally, no files have been uploaded for 2022.

*Criteria*

This amended directive is effective starting with December 2020 monthly files. The upload of December 2020 monthly files will be due February 15, 2021, and by the 15<sup>th</sup> of each month thereafter unless the State Board of Accounts (SBOA) establishes a different date. This is effective for 2020 annual files which will be due for upload March 1, 2021, for calendar year end units. . . . Thereafter, annual files must be uploaded no later than March 1<sup>st</sup> . . .

All counties, cities, towns, townships, libraries, schools, and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. . . .

The following files and governmental unit information are required to be uploaded monthly by all units except as noted: . . .

For County Auditors:

- Approved Board Minutes, please see the user guide for more information and examples
- Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund
- Documentation of Reconciliation of Form 61 between Auditor and Treasurer . . .

The following files and governmental unit information are required to be uploaded annually (for Counties, these apply to County Auditors unless otherwise noted):

- Year-end Investment Statements (for Counties - County Treasurer)
- Detail of Receipts for the year
- Detail of Disbursements for the year
- Current year Salary Ordinance (or Schedule) and Amendments (except Schools)
- Annual Vendor History Report
- Annual Payroll History Report, without social security numbers
- Annual Funds Ledger, summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund . . .

(Amended State Examiner Directive 2018-01)

COUNTY AUDITOR  
JENNINGS COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

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

**BACKDATED ACCOUNTING ENTRIES**

*Condition and Context*

Adjusting entries totaling \$504,446 and \$71,774 in receipts and disbursements, respectively, were made on the County's ledger to correct reconciling items identified on the County Treasurer's bank reconciliation as of December 31, 2021. These entries were made in 2022 and backdated to December 31, 2021.

Additionally, the Annual Financial Report did not agree to the County's ledger. These errors were largely due to adjusting entries dated December 31, 2021, some of which comprised the backdated entries referenced above. Annual Financial Report receipts were understated by \$130,237, and disbursements were overstated by \$300,206.

*Criteria*

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

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](#)."

**MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND**

*Condition and Context*

The County did not report the Motor Vehicle Highway (MVH) and MVH Restricted as separate funds on the Annual Financial Report.

COUNTY AUDITOR  
JENNINGS COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Criteria*

On the chart of accounts, the MVH Fund and MVH Restricted sub-fund shall be shown as follows:

Counties

Fund 1176 MVH  
Fund 1173 MVH Restricted . . .

**Together, MVH and MVH Restricted shall constitute the total MVH Fund.** MVH and MVH Restricted will be shown separately on the Annual Financial Report and Annual Operational Report. . . . (State Examiner Directive 2018-2)

COUNTY AUDITOR  
JENNINGS COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 24, 2022, with Sarah Abel, County Auditor; Matt Sporleder, President of the Board of County Commissioners; and Howard Malcomb, Councilman.

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COUNTY SHERIFF  
JENNINGS COUNTY

COUNTY SHERIFF  
JENNINGS COUNTY  
AUDIT RESULT AND COMMENT

**MONTHLY AND ANNUAL ENGAGEMENT UPLOADS**

*Condition and Context*

The County Sheriff did not comply with State Examiner Directive 2018-1; none of the required monthly or annual files were uploaded for the year 2021.

*Criteria*

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COUNTY SHERIFF  
JENNINGS COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 24, 2022, with Sarah Abel, County Auditor; Matt Sporleder, President of the Board of County Commissioners; Howard Malcomb, Councilman; Kenny Freeman, County Sheriff; and Kim Lainhart, Sheriff Matron.