

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

JAY COUNTY, INDIANA

January 1, 2021 to December 31, 2021



FILED
12/29/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Anna Culy (Vacant) Emily Franks	01-01-21 to 03-05-22 03-06-22 to 03-07-22 03-08-22 to 12-31-22
County Treasurer	Paula Miller	01-01-21 to 12-31-22
Clerk of the Circuit Court	Jon Eads	01-01-21 to 12-31-22
County Sheriff	Dwane Ford	01-01-21 to 12-31-22
County Recorder	Betty S. Myers	01-01-21 to 12-31-22
President of the Board of County Commissioners	Chad Aker	01-01-21 to 12-31-22
President of the County Council	Jeanne Houchins	01-01-21 to 12-31-22



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF JAY 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 Jay 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 December 6, 2022, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001, that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001.

Jay 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

December 6, 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 JAY COUNTY, INDIANA

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Jay 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.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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

Responsibilities of Management for Compliance

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR 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)

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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. 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.

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)

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statement of the County, as of and for the year ended December 31, 2021, and the related notes to the financial statement. We issued our report thereon dated December 6, 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

December 6, 2022

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the County. The schedule and notes are presented as intended by the County.

JAY 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 the Interior</u>					
Fish and Wildlife Cluster	Indiana Department of Natural Resources	15.611			
Wildlife Restoration and Basic Hunter Education			FY 2021	\$ -	\$ 637
Wildlife Restoration and Basic Hunter Education Grant					
Total - Fish and Wildlife Cluster				-	637
Total - Department of the Interior				-	637
<u>Department of Justice</u>					
COVID-19 - Coronavirus Emergency Supplemental Funding Program	Indiana Criminal Justice Institute	16.034			
CESF Coronavirus Emergency Sup- Cleaner			Contract #42923	-	16,963
Total - Department of Justice				-	16,963
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning & Construction	Indiana Department of Transportation	20.205			
Cumulative Bridge-Bridge Inspection			Designation: 1500285	-	5,816
Total - Highway Planning and Construction Cluster				-	5,816
COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program (CARES) 20.509 Rural Transportation Grant	Indiana Department of Transportation	20.509			
Total - Department of Transportation			EDS# A249-20-G200039; Contract	902,839	902,839
				902,839	908,655
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness 8109-93.069 Bioterrorism Grant (HD); Public Health Preparedness Grant	Indiana State Department of Health	93.069			
			NU90TP922052	-	29,019
COVID-19 - Immunization Cooperative Agreements COVID Vaccines	Indiana State Department of Health	93.268			
			NH23IP922631	-	8,102
COVID-19 - Epidemiology & Laboratory Capacity for Infectious Diseases (ELC) COVID Vaccines	Indiana State Department of Health	93.323			
			NU50CK000503	-	15,728
COVID-19 - Provider Relief Fund and American Rescue (ARP) Rural Distribution CARES provider Relief Fund	Direct Grant	93.498			
			HHS Stimulus Paymen	-	23,076

JAY 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
Child Support Enforcement	Indiana Department of Child Services	93.563			
93.563 Title IV-D Incentive (County 8895)			2001INCEST	-	-
93.563 Title IV-D (8899) Clerk Incentive			2001INCEST	-	5,714
93.563 Title IV-D Prosecutor Incentive (8897)			2001INCEST	-	2,956
93.563 Title IV-D (1000-009) Prosecutor Reimb.			2101INCSES	-	83,814
93.563 Title IV-D (1000) Indirect Cost Reimb.			2101INCSES	-	9,693
93.563 Title IV-D (1000-001) Clerk Reimb.			2101INCSES	-	8,197
93.563 Title IV-D (1217) Co Elected Official Training			2101INCSES	-	22
Total - Child Support Enforcement				-	110,396
Foster Care Title IV-E	Public Defender of Indiana	93.658			
Foster Care FY20			FY 2020	-	879
Foster Care FY21			FY 2021	-	1,495
Total - Foster Care Title IV-E				-	2,374
Total - Department of Health and Human Services				-	188,695
Department of Homeland Security					
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042			
EMPG Performance Grant			EMC-2019-EP-00003-S01	-	29,213
EMPG Performance Grant			EMC-2020-EP-00001-S01	-	18,000
Total - Emergency Management Performance Grant				-	47,213
BRIC: Building Resilient Infrastructure and Communities Multi-Hazard Mitigation Grant	Indiana Department of Homeland Security	97.047			
			EMC-2017-PC-0004	-	8,643
Total - Department of Homeland Security				-	55,856
Total federal awards expended				\$ 902,839	\$ 1,170,169

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

JAY 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.

JAY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

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
20.509	COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	Unmodified

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2021-001

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 was 2020-001.

Condition and Context

There were several deficiencies in the internal control system of the County Treasurer's (Treasurer) office related to financial transactions and reporting.

JAY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

1. Risk Assessment: Throughout the audit period, the Treasurer did not perform risk assessment to identify and assess fraud risk factors. The Treasurer was permitted to make manual adjustments to the Treasurer's Daily Balance of Cash and Depositories (Cash Book) without any oversight, review, or approval process in place.
2. Control Activities: Internal controls were deficient in the prevention or detection and correction of errors in a timely manner. The following errors were identified during the audit:
 - The Treasurer's monthly bank reconciliation was incorrect for all 12 months of the audit period.
 - One tax collection bank account was omitted from the Treasurer's Cash Book and bank reconciliations throughout the audit period.
 - The Treasurer presented the several versions of her Cash Book for audit, which did not always agree to each other throughout the audit period. The versions of the Cash Book included printed daily in folders, printed monthly with the Monthly Report, uploaded to the Indiana Gateway for Government Units financial reporting system throughout the year, and an electronic in Excel format. The versions did not agree with each other due to the incorrect bank reconciliations.
 - The Treasurer presented the outstanding check list for audit; however, the Treasurer knew and stated it was inaccurate.
 - The December 2021 reconciliation did not agree with the financial statement by \$719,329.
3. Information and Communication: The Treasurer did not provide relevant information to the Deputy Treasurers to support the functioning of the other components of internal control. The Treasurer did not provide, share, or obtain necessary information for the Deputy Treasurer to properly perform monthly bank reconciliations in a timely manner. The Treasurer did not provide separate cash drawers for the Deputy Treasurers. The Treasurer did not provide appropriate, current, complete, accurate, accessible, and timely information for the Deputy Treasurer to properly account for daily activities in the Treasurer's Cash Book.
4. Monitoring of Controls: The Treasurer had no process to identify or communicate corrective actions to improve internal controls. Effective internal controls over financial reporting requires the Treasurer to monitor and assess the quality of the system of internal controls.

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:

"Risk is the possibility that an event will occur and adversely affect the achievement of objectives. Risk assessment is the process used to identify and assess internal and external risks to the achievement of objectives, and then establish risk tolerances. Each identified risk is evaluated in terms of its impact and likelihood of occurrence. Overall, risk assessment is the basis for determining how risk will be managed. . . .

JAY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Management identifies risks to the achievement of the political subdivision's objectives across the unit as a whole and within each office or department. Analysis of risk through determination of objective measures and variance tolerance is the basis for determining how the risks should be managed. The response to risk is selected: acceptance, avoidance, reduction, or sharing.
. . .

Internal control is a process, and part of that process is the responsibility for management to be continually aware of changes, both external and internal, that could affect the achievement of the political subdivision's objectives. Those changes should be analyzed for both their immediate effect and for any future impact. Management would then determine any modifications needed in the internal control process to adapt to these changes."

"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. . . ."

"The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

"Relevant information from both internal and external sources is necessary to support the functioning of the other components of internal control. Communication is the continual process of providing, sharing, and obtaining necessary information. Internal communication enables personnel to receive a clear message that control responsibilities are taken seriously by the organization. External communication enables relevant outside information to be internalized and internal information to be clearly communicated to external parties."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . .

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

JAY 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](#)."

Cause

The Treasurer had not established a proper system of internal control. An evaluation of the department's system of internal control had not been conducted. The Treasurer had not conducted a risk assessment related to the department's financial reporting and transactions.

Effect

The failure to establish a system of internal control enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the department at risk that internal controls may not be either designed properly or operating effectively to provide reasonable assurance that internal controls will prevent, or detect and correct, material misstatements in a timely manner.

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

No matters are reportable.

AUDITEE-PREPARED DOCUMENTS

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

JAY COUNTY TREASURER

120 North Court St. Ste. 203 • Portland, IN 47371

Phone: (260) 726-7007 • Fax: (260) 726-6973 • <http://www.jaycounty.net>

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2020-001

Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding: Corrective actions were immediately put into place to remedy any/all internal control issues by doing the following:

1. Risk Assessment: Beginning in 2022, the Treasurer is performing better risk assessment and fraud risk factors by engaging in better communication with her deputies and checking that entries are being properly recorded. Beginning immediately, the Treasurer no longer makes manual adjustments without them being overseen by either the first or second deputy.
2. Control Activities: Beginning in 2022, The Treasurer is better communicating with her deputies, which will help to prevent deficiencies. The Treasurer is also re-checking that entries are entered correctly.
 - a. The monthly bank statements are being looked at by Baker Tilly. Once corrections are found and fixed properly, the Treasurer will upload the correct reconcilements to the Gateway. Completion for this is undetermined at this time.
 - b. I concur with the finding. The 2020 spring tax collection was the last time that we used the omitted bank account for taxes. Once balanced, new cash pages will be uploaded to the Gateway and that particular bank account will be taken off of the cash page.
 - c. Not corrected for 2021. Once balanced, 2022 paperwork will be re-uploaded and have correct names.
 - d. I concur with the finding. Once balanced, with the help of Baker Tilly, all paperwork will be correctly uploaded to the Gateway, as well as re-printed to be put in the daily folders.
 - e. I concur with the finding. Once balanced, and going forward, erroneous items will be fixed immediately and no longer be incorrect.
 - f. I concur with the finding. The overstated account was corrected on January 8, 2021.
 - g. I concur with the finding. New Supplemental Annual Financial Reports were done for 2018, 2019, 2020 and 2021 on February 18, 2022.
 - h. I concur with the finding. Going forward, no money is kept that is unaccounted for.
3. Each person that handles cash or checks will have their own logon on the computer and their own cash drawer. The deputy treasurer will also be given any and all paperwork in a timely fashion.
4. With individual logons and cash drawers, along with overseeing daily transactions, the internal controls will be greatly improved.

JAY COUNTY TREASURER

120 North Court St. Ste. 203 • Portland, IN 47371

Phone: (260) 726-7007 • Fax: (260) 726-6973 • <http://www.jaycounty.net>

CORRECTIVE ACTION PLAN

FINDING 2021-001 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Paula Miller
Contact Phone Number: 260-726-7007

Views of Responsible Official: I concur with the findings.

Description of Corrective Action Plan:

1. Risk Assessment:
 - a. More than one person will be making all manual adjustments, whether it be from an NSF, void or any other reason.
2. Control Activities:
 - a. A. The bank reconciliation will be corrected, with the help of an outside company (Baker Tilly).
 - b. The omitted bank account will become available through on-line service.
 - c. Going forward, once balanced correctly, all cash pages will be re-printed and changed to be correct, as will reports uploaded to the Gateway.
 - d. I concur with the finding. Once everything is balanced, new cash pages and monthly reports will be printed and uploaded in the Gateway.
3. Information and Communication:
 - a. Each person that handles cash or checks will have their own logon on the computer and their own cash drawer. The deputy treasurer will also be given any and all paperwork in a timely fashion.
4. Monitoring of Controls:
 - a. With individual logons and cash drawers, along with overseeing daily transactions, the internal controls will be greatly improved.

Anticipated Completion Date: All findings will either be fixed by February 2023.

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/>.