

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

JACKSON COUNTY, INDIANA

January 1, 2022 to December 31, 2022



FILED

06/14/2023

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
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 <i>Government Auditing Standards</i>	3-4
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	5-7
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	10-11
Notes to Schedule of Expenditures of Federal Awards.....	12
Schedule of Findings and Questioned Costs.....	13-19
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	22
Corrective Action Plan	23-25
Other Reports.....	26

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Roger D. Hurt Staci L. Eglen	01-01-22 to 03-10-23 03-11-23 to 12-31-23
County Treasurer	Kathy S. Hohenstreiter	01-01-22 to 12-31-23
Clerk of the Circuit Court	Melissa J. Hayes Amanda L. Lowery Piper Acton	01-01-22 to 12-31-22 01-01-23 to 01-13-23 01-14-23 to 12-31-23
County Sheriff	Rick Meyer	01-01-22 to 12-31-23
County Recorder	Amanda L. Lowery Jennifer Isaacs	01-01-22 to 12-31-22 01-01-23 to 12-31-23
President of the Board of County Commissioners	Matt Reedy Drew Markel	01-01-22 to 12-31-22 01-01-23 to 12-31-23
President of the County Council	Kari Storey Dave A. Hall Brian H. Thompson	01-01-22 to 03-15-22 03-16-22 to 12-31-22 01-01-23 to 12-31-23



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 JACKSON 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 Jackson County (County), for the year ended December 31, 2022, and the related notes to the financial statement, which collectively comprise the County's financial statement and have issued our report thereon dated May 31, 2023, 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, as described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002, that we consider to be material weaknesses.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001.

Jackson 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

May 31, 2023



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

TO: THE OFFICIALS OF JACKSON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Jackson County's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022. The County's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2022-003, to be material weaknesses.

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

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

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

We have audited the financial statement of the County, as of and for the year ended December 31, 2022, and the related notes to the financial statement. We issued our report thereon dated May 31, 2023, 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

May 31, 2023

(This page intentionally left blank.)

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.

JACKSON COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2022

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 Agriculture					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
School Breakfast Program 9103			2022	\$ -	\$ 5,750
National School Lunch Program	Indiana Department of Education	10.555			
National School Lunch Program-Juv Home-LUNCH 9103			2022	-	9,754
Supply Chain Assistance 9103			2022	-	5,655
National School Lunch Program - Snacks 9103			2022	-	1,335
Total - National School Lunch Program				-	16,744
Total - Child Nutrition Cluster				-	22,494
Total - Department of Agriculture				-	22,494
Department of Justice					
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575			
Victim Assistance VOCA Grant			2022	-	71,360
Public Safety Partnership and Community Policing Grants	Direct Grant	16.710			
COPS Hiring Program			2020UMWX0467	-	63,929
Equitable Sharing Program	Direct Grant	16.922			
Federal Prosecutor Asset Forfeiture			2022	-	13,604
Total - Department of Justice				-	148,893
Department of Transportation					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Bridge Inspection			Des# 1500207	-	44,032
Bridge #197 Replacement over McHargue Ditch on CR 100 S			Des# 1703018	-	19,901
Bridge #154 Replacement on CR 300 S over Rider Ditch			Des# 1703020	-	18,522
Total - Highway Planning and Construction Cluster				-	82,455
Total - Department of Transportation				-	82,455
Department of the Treasury					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Direct Grant	21.027			
ARP Corona Local Fiscal Recovery 8950			2022	-	25,000
Total - Department of the Treasury				-	25,000
Department of Health and Human Services					
Public Health Emergency Preparedness	Indiana State Department of Health	93.069			
9118 - Public Health Preparedness Base			40093069PHEPA22	-	24,347
9118 - Public Health Preparedness Base			40093069PHEPA23	-	7,150
Total - Public Health Emergency Preparedness				-	31,497
Immunization Cooperative Agreements	Indiana State Department of Health	93.268			
Immunization Grant FUND #9130			5 NH23IP922631	-	53,048

JACKSON COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2022

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
COVID-19 - Immunization Cooperative Agreements Immunization Supplemental	Indiana State Department of Health	93.268	6 NH23IP922631	-	39,340
Total - Immunization Cooperative Agreements					92,388
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) 8107 Covid 19	Indiana State Department of Health	93.323	6 NU50CK000503-01-05	-	100,000
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response 8107 Covid 19	Indiana State Department of Health	93.354	1 NU90TP922179-01-00	-	80,439
Child Support Enforcement Child Support Enforcement-County General Spreadsheet Child Support Enforcement-County General IV-D Incentive Child Support Enforcement-Prosecutor's IV-D after 10/99 8899 Child Support Enforcement-Clerk IV-D after 10/99	Indiana Department of Child Services	93.563	2022 2022 2022 2022	- - - -	12,174 243,017 18,775 4,464
Total - Child Support Enforcement					278,430
Foster Care Title IV-E Foster Care Title IV-E	Indiana Department of Child Services	93.658	2022	-	6,938
Opioid STR Justice Partners Addictions Response Grant-Jackson-Jennings Community Corrections Peer Recovery and Mental Health training for first responders Justice Partners Addictions Response Grant-Jackson-Jennings Community Corrections Peer Recovery and Mental Health training for first responders	Indiana Supreme Court	93.788	21-5JC89-C1-001 22-5JC89-C36-001	- -	32,014 45,903
Total - Opioid STR					77,917
Total - Department of Health and Human Services					667,609
Department of Homeland Security					
Emergency Management Performance Grants Emergency Management Aux Communications Trailer Emergency Management Performance Grant Salary	Indiana Department of Homeland Security	97.042	EMC-2021-EP-00013 EMC-2021-EP-0004	- -	9,992 33,041
Total - Emergency Management Performance Grants					43,033
BRIC: Building Resilient Infrastructure and Communities 2018 Pre Disaster Mitigation Program	Indiana Department of Homeland Security	97.047	EMC-2019-PC-0003	-	7,102
Homeland Security Grant Program 2021 Cyber Security Program Emergency Management Cyber Training	Indiana Department of Homeland Security	97.067	EMW-2020-SS-00009 EMW-2021-SS-00032	- -	21,125 19,031
Total - Homeland Security Grant Program					40,156
Total - Department of Homeland Security					90,291
Total federal awards expended				\$ -	\$ 1,036,742

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

JACKSON 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, 2022. 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.

JACKSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

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

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
93.563	Highway Planning and Construction Cluster	Unmodified
16.710	Child Support Enforcement	Unmodified
	Public Safety Partnership and Community Policing Grants	Unmodified

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2022-001

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 2021-001.

JACKSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

The County had not established effective internal controls over the federal award information entered in the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's Schedule of Expenditures of Federal Awards (SEFA).

The County failed to properly review the federal grant information prepared and submitted in Gateway. Although one employee prepared and entered the federal award information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

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

1. The Equitable Sharing Program grant expenditures were overstated by \$40,170.
2. The Highway Planning and Construction Cluster expenditures were overstated by \$1,343,241.
3. The COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response expenditures were overstated by \$355,561.
4. Non-federal expenditures were included in error, which over overstated expenditures by \$78,829.
5. Seven additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$45,987, in total.
6. Other errors include incorrect 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. . . .

JACKSON 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 5-11-1-4(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](#)."

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.

JACKSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Cause

Management had not established a system of internal controls that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal controls in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA included 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 2022-002

Subject: Financial Transactions and Reporting - Clerk's Trust
Audit Finding: Material Weakness

Condition and Context

The Clerk of the Circuit Court (Clerk) had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing or detecting and correcting errors. The Clerk had not separated incompatible activities related to disbursements from the Clerk's Trust. A single person processed disbursements without a review or oversight process in place to prevent, or detect and correct, errors.

JACKSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

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

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Cause

The Clerk had not established a proper system of internal controls, which would include segregation of key functions to ensure compliance over the Clerk's Trust disbursements.

Effect

Without the proper design or implementation of the components of a system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance.

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 2022-003

Subject: Public Safety Partnership and Community Policing Grants - Reporting
Federal Agency: Department of Justice
Federal Program: Public Safety Partnership and Community Policing Grants
Assistance Listings Number: 16.710
Federal Award Number and Year (or Other Identifying Number): 2020UMWX0467
Compliance Requirement: Reporting
Audit Finding: Material Weakness

JACKSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

The County had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, material noncompliance. Recipients are required to complete and submit the Department Quarterly Progress Report (OMB No. 1103-0102) to the Department of Justice. The report is required semi-annually during the life of the award for all Community Oriented Policing Services (COPS) grants.

The County submitted two reports during the audit period; however, a single employee prepared and submitted the performance reports without evidence of a review or oversight process to prevent, or detect and correct, errors prior to submission.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

A proper system of internal controls was not designed by management of the County, which would include segregation of key functions. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the County's management of what should be done to effect internal control, and procedures should consist of actions that would implement these policies.

Effect

Without the proper design or implementation of the components of a system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the County design and implement a proper system of internal controls, including policies and procedures that would provide segregation of duties to ensure appropriate reviews, approvals, and oversight are taking place.

JACKSON 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.

(This page intentionally left blank.)

AUDITEE-PREPARED DOCUMENTS

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

Staci L Eglen
Auditor of Jackson County

Courthouse

111 S Main St
Suite 118
Brownstown, IN 47220

Phone: 812-358-6161

auditor@jacksoncounty.in.gov

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

April 27, 2023

Finding 2021-001

Initial Occurrence of Finding: 2021

Status of Audit Finding:

The errors that were described in audit finding 2021-001 were revised, agreed upon and a Corrective Action Plan (CAP) was submitted. The CAP was implemented; however, all steps were not completed for the 2022 Annual Financial Report when completing the Schedule of Expenditure of Federal Awards.

1. The Grant Summary sheets were received from the appropriate departments and reviewed by Auditor Hurt.
2. Auditor Hurt did not provide the reports to the Office Administrative Assistant (OAA) for review prior to submission on Gateway due to time restraints.
3. Once the Grant Schedule was uploaded to Gateway, the schedule was not printed for final review by the departments or the OAA prior to final Gateway submission due to time restraints.
4. The reports were retained by the Auditor's office as submitted to Gateway.

The auditor's office concurs that the CAP from 2021 did not get fully completed. The elected official has since been changed. The newly caucused Auditor plans to require the Grant Summaries from departments be due to the Auditor's office earlier in 2024 allowing for adequate time to properly review the summary sheets, gateway input and final review by departments and the OAA before final submission.

**Staci L Eglen
Auditor of Jackson County**

Courthouse

111 S Main St
Suite 118
Brownstown, IN 47220

Phone: 812-358-6161

auditor@jacksoncounty.in.gov

Corrective Action Plan

May 25, 2023

Finding 2022-001

Contact Person Responsible for Corrective Action: Staci Eglen, Auditor

Contact Phone Number: 812-358-6161

Views of Official: I concur with finding 2022-001.

CAP Description:

In regards to the 2023 SEFA, the following actions will be taken:

1. Grant Summary Sheets will be provided to departments with the expectation of completion and the return to the Auditor's office with correct information regarding the departments grant.
2. The grant summary sheets will be reviewed for completion and accuracy by the Auditor.
3. The Auditor will provide these sheets to the Assistant for review prior to entering the information into Gateway.
4. Once the grant information has been entered into Gateway, the grant schedule will be printed for final review by each department that is required to submit information.
5. The 'final review' sheet will be signed and dated by each department after they have reviewed the information for accuracy.
6. The 'final review' sheet will also be signed by the Assistant for one final review prior to submission.
7. All reports will be retained by the Auditor's office as submitted to Gateway.

This CAP will be completed by March 1, 2024.

Jackson County Clerk's Office
109 S. Sugar Street, Suite 130
Brownstown, Indiana 47220
812.358.6116

CORRECTIVE ACTION PLAN

FINDING 2022-002

Contact Person Responsible for Corrective Action: PIPER J. ACTON, Jackson County Clerk
Contact Phone Number: (812) 358-6117

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

With the errors on the 2022 Financial Transactions and Reporting we have revised controls as follows:

1. Once checks are printed, the Bookkeeper will print out a Disbursement Summary.
2. The Bookkeeper will review and then sign off on the Disbursement Summary as the "preparer".
3. Once the Bookkeeper has reviewed and signed off on the Disbursement Summary, an employee in the Clerk's Office will then also review the Summary and then sign off as the "reviewer".
4. All Disbursement Summary's will be retained in a file for audit review.

Anticipated Completion Date: May 2024



**JACKSON COUNTY
SHERIFF'S DEPARTMENT**

SHERIFF RICK MEYER

150 E SR 250 - Brownstown, Indiana 47220

Office: (812) 358-2141

Fax (812) 358-4675

CORRECTIVE ACTION PLAN

FINDING 2022-003

Contact Person Responsible for Corrective Action: Heather Blaker

Contact Phone Number: 812-358-2141 ext. 203

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

1. Once the report is completed a copy will be printed off by Heather Blaker and given to Chief Deputy Dustin Steward to review and sign.
2. The signed copy will be held in a folder with all other documentation for this Grant.

Anticipated Completion Date: 6/30/2023

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/>.