

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

JACKSON COUNTY, INDIANA

January 1, 2022 to December 31, 2022



FILED

06/14/2023

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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



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF JACKSON COUNTY, INDIANA

This report is supplemental to the audit report of Jackson County (County), for the period from January 1, 2022 to December 31, 2022. 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 the Financial Statement Audit Report of the County, which provides our opinions on the County's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

May 31, 2023

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COUNTY AUDITOR
JACKSON COUNTY

COUNTY AUDITOR
JACKSON COUNTY
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The County had not established effective internal controls over the AFR information entered into Gateway, which resulted in the following errors:

Grants

1. The Equitable Sharing Program grant was overstated by \$40,170.
2. The Highway Planning and Construction Cluster was overstated by \$1,343,241.
3. The COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response grant was overstated by \$355,561.
4. The County included \$78,829 on the Schedule of Expenditures of Federal Awards (SEFA) that was not a federal grant.
5. Seven 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 the Federal Compliance Audit Report for the County.

Capital Assets

The Capital Asset Schedule, as reported in Gateway, was incorrect. The capital assets were improperly reported using net book value instead of historical cost figures. Additionally, a completed detailed listing of all capital assets owned by the County was not updated or provided for audit. The County requested the Schedule of Capital Assets not be included in the Financial Statement Audit Report due to it not being properly maintained for the audit period.

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:

COUNTY AUDITOR
JACKSON COUNTY
AUDIT RESULTS AND COMMENTS
(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](#)."

CAPITAL ASSETS

A similar comment appeared in prior Report B60153, entitled *CAPITAL ASSETS*.

Condition and Context

A completed detailed listing of all capital assets owned by the County was not updated or provided for audit.

Criteria

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

COUNTY AUDITOR
JACKSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on May 31, 2023, with Staci L. Eglen, County Auditor; Roger D. Hurt, former County Auditor; Piper Acton, Clerk of the Circuit Court; Brian H. Thompson, President of the County Council; and Drew Markel, President of the Board of County Commissioners.

CLERK OF THE CIRCUIT COURT
JACKSON COUNTY

CLERK OF THE CIRCUIT COURT
JACKSON COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

Condition and Context

There were deficiencies in the internal control system of the Clerk of the Circuit Court's (Clerk) Trust related to financial transactions and reporting. The Clerk had not separated incompatible activities related to disbursements. There was no documentation of a review of disbursements by someone other than the person processing the disbursement.

Criteria

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CLERK OF THE CIRCUIT COURT
JACKSON COUNTY
EXIT CONFERENCE

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