B61796

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

JASPER COUNTY, INDIANA

January 1, 2022 to December 31, 2022

FILED
07/07/2023

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SCHEDULE OF OFFICIALS

Office	Official	Term
County Auditor	Donya Jordan	01-01-22 to 12-31-23
County Treasurer	Tammy McEwan	01-01-22 to 12-31-23
Clerk of the Circuit Court	Kara Fishburn	01-01-22 to 12-31-23
County Sheriff	Patrick M. Williamson, Sr.	01-01-22 to 12-31-23
County Recorder	Kimberly K. Grow	01-01-22 to 12-31-23
President of the Board of County Commissioners	Kendell Culp	01-01-22 to 11-08-22
	(Vacant)	11-09-22 to 12-31-22
	Rein Bontreger	01-01-23 to 12-31-23
President of the County Council	Rein Bontreger	01-01-22 to 12-31-22
	Stephen Jordan	01-01-23 to 12-31-23

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF JASPER COUNTY, INDIANA

This report is supplemental to the audit report of Jasper County (County), for the period from January 1, 2022 to December 31, 2023. 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

Beth Kelley, CPA, CFE
Deputy State Examiner

June 22, 2023

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COUNTY AUDITOR
JASPER COUNTY

FINANCIAL TRANSACTIONS AND REPORTING

A similar comment also appeared in prior Reports B53625, B55858, and B59674, entitled *FINANCIAL TRANSACTIONS AND REPORTING*; and Report B57911, entitled *INTERNAL CONTROLS OVER FINANCIAL REPORTING.*

Condition and Context

The County had not established effective internal controls over the financial information entered into the Annual Financial Report (AFR) and the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's financial statement. The County Auditor prepared and submitted the AFR in Gateway without an oversight or review process in place to prevent, or detect and correct, errors on the financial statement.

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. . . ."

CAPITAL ASSETS

This same comment appeared in prior Report B59674.

Condition and Context

The County had not maintained a complete detailed listing of all capital assets owned which reflected their acquisition value. The listing provided did not support the amounts reported by the County in the Indiana Gateway for Government Units financial reporting system.

In addition, the County failed to complete a physical inventory of capital assets at least every two years as required.

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 County Auditors of Indiana, Chapter 1)

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND EXPENDITURES

A similar comment also appeared in prior Report B59674.

Condition and Context

The County created a Motor Vehicle Highway (MVH) Restricted sub-fund within the MVH fund and posted 50 percent of the state motor vehicle highway distributions to the sub-fund as required. However, the County disbursed $11,030 for PERF, Medicare, and Social Security match for all highway employees for one pay period, paid $1,980 to employees for yard and ground-work, and paid $40,980 for fuel purchases. These disbursements were not for the construction, reconstruction, or preservation of County's highways.

Criteria

Indiana Code 8-14-1-5(b) states: "For funds distributed to a county from the motor vehicle highway account, the county shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the county's highways."

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

Condition and Context

Supplementary and other information are required to be entered into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The Supplementary Information and Other Information entered by the County into Gateway had numerous errors.

The grant expenditures entered into Gateway contained the following errors:

1. The COVID-19 - Coronavirus State and Local Fiscal Recovery Funds expenditures were understated by $1,033,896.

2. The Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) grant was omitted, which understated expenditures by $220,000.

3. The Public health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response grant was omitted, which understated expenditures by $221,000.

4. Other errors included incorrect program names.

Adjustments were proposed, accepted by the County, and made to the Schedule of Expenditures of Federal Awards (SEFA) presented in the Federal Compliance Report.

The debt information entered into Gateway included general obligations bonds with a principal balance of $2,203,784 and payments of $45,000, that had been paid off in 2022.

Adjustments were proposed, accepted by the County, and made to the Schedule of Leases and Debt presented in the Financial Statement Audit Report as Other Information.

The County had not provided accurate subsidiary records to support the capital assets reported in Gateway. The County has determined that the Schedule of Capital Assets will not be presented in the Financial Statement Audit Report as Other Information.

The accounts payable and accounts receivable information was omitted from the AFR. The County has determined that the Schedule of Payables and Receivables will not be presented in the Financial Statement Audit Report as Other Information.

Criteria

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."

COUNTY AUDITOR
JASPER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 22, 2023, with Donya Jordan, County Auditor; Rein Bontreger, President of the Board of County Commissioners; Stephen Jordan, President of the County Council; Jeff DeYoung, County Commissioner; Jim Walstra, County Commissioner; Gary Fritts, County Council member; and Brett Risner, County Council member.