

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

FLOYD COUNTY, INDIANA

January 1, 2022 to December 31, 2022



**FILED**  
08/15/2023



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Jacqueline Wenning Diana M. Topping	01-01-22 to 12-31-22 01-01-23 to 12-31-23
County Treasurer	Steve Burks	01-01-22 to 12-31-23
Clerk of the Circuit Court	Danita Burks	01-01-22 to 12-31-23
County Sheriff	Frank Loop Steve Bush	01-01-22 to 12-31-22 01-01-23 to 12-31-23
County Recorder	Lois N. Endris	01-01-22 to 12-31-23
President of the Board of County Commissioners	Shawn Carruthers Tim Kamer Dr. Al Knable	01-01-22 to 12-31-22 01-01-23 to 04-30-23 05-01-23 to 12-31-23
President of the County Council	Dale Bagshaw Denise Konkle	01-01-22 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 FLOYD 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 Floyd 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 July 18, 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, 2022-002, 2022-003, and 2022-004, 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 items 2022-001, 2022-002, 2022-003, and 2022-004.

***Floyd 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

July 18, 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 FLOYD COUNTY, INDIANA

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Floyd 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.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2022-005. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The County's response to the noncompliance 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 compliance, and, accordingly, we express no opinion on the response.

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)

**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. 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. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2022-005, to be material weaknesses.

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.

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)

**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 July 18, 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

July 18, 2023

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.

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FLOYD 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
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	2022	\$ -	\$ 3,074
Schools Breakfast Program					
National School Lunch Program	Indiana Department of Education	10.555	2022	-	11,415
National School Lunch Program					
Total - Child Nutrition Cluster				-	14,489
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Indiana State Department of Health	10.557	40010557WPCG022	-	264,289
WIC					
Total - Department of Agriculture				-	278,778
<u>Department of Commerce</u>					
Economic Development Cluster					
Investments for Public Works and Economic Development Facilities	Direct	11.300	06-01-06148	-	1,273,601
EDA-Novaparke					
Total - Economic Development Cluster				-	1,273,601
Total - Department of Commerce				-	1,273,601
<u>Department of Justice</u>					
COVID-19 - Coronavirus Emergency Supplemental Funding Program	Indiana Criminal Justice Institute	16.034	2020-VD-BX-0244	-	1,834
CESF					
Equitable Sharing Program	Direct	16.922	1123-0011	-	13,146
Total - Department of Justice				-	14,980
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Charlestown Road PE and ROW			DES 1405500	-	243,862
Bridge 27			DES 50020400	-	5,022
Bridge 51 Reconstruction			DES 1700788	-	101,334
Total - Highway Planning and Construction				-	350,218
Total - Highway Planning and Construction Cluster				-	350,218

FLOYD 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
Interagency Hazardous Materials Public Sector Training and Planning Grants 2021 HMEP	Indiana Department of Homeland Security	20.703	38520HMEP000000	-	6,000
Total - Department of Transportation				-	356,218
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds COVID-19 - Coronavirus	Direct	21.027	FY2021	1,019,048	4,397,336
Total - Department of the Treasury				1,019,048	4,397,336
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness Hospital Preparedness Program Hospital Preparedness Program	Indiana State Department of Health	93.069	6NU90TP922052 NU90TP922052	- -	30,980 7,300
Total - Public Health Emergency Preparedness				-	38,280
COVID-19- Immunization Cooperative Agreements Children's Immunization	Indiana State Department of Health	93.268	40093268COVIM21	-	132,684
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response COVID-19 - Co Ag ISHD COVID Response COVID-19 - Co Ag ISHD COVID Response	Indiana State Department of Health	93.354	NU90TP922179 NU90TP922179	- -	115,075 48,483
Total - COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response				-	163,558
MaryLee Allen Promoting Safe and Stable Families Program Family First	Indiana Department of Child Services	93.556	2001INFFTA	-	8,776
Child Support Enforcement Child Support-Prosecutor Incentive Fund Child Support-Prosecutor Child Support-Circuit Court Child Support-Clerk Child Support-Clerk Incentive Fund Child Support-Court Incentive Fund Child Support-Indirect Costs	Indiana Department of Child Services	93.563	2022 2022 2022 2022 2022 2022 2022	- - - - - - -	58,196 384,682 43,979 38,915 8,509 7,200 48,291
Total - Child Support Enforcement				-	589,772

FLOYD 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
Foster Care Title IV-E Foster Care Title IV-E	Indiana Public Defender Commission	93.658	2022	-	10,587
Maternal and Child Health Services Block Grants to the States New Directions Grant	Indiana State Department of Health	93.994	21B04MC40130	-	30,623
Total - Department of Health and Human Services				-	974,280
<u>Department of Homeland Security</u>					
COVID-19 - Disaster Grants-Public Assistance (Presidentially Declared Disasters) EMA	Indiana Department of Homeland Security	97.036	385PA4515000000	-	108,013
Emergency Management Performance Grants EMPG Salary Reimbursement-2019	Indiana Department of Homeland Security	97.042	EMC-2019-EP-00003-S01	-	40,691
BRIC: Building Resilient Infrastructure and Communities MHMP	Indiana Department of Homeland Security	97.047	DHS-18-MT-047-000-99	-	9,000
Total - Department of Homeland Security				-	157,704
Total federal awards expended				<u>\$ 1,019,048</u>	<u>\$ 7,452,897</u>

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

FLOYD 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.

FLOYD 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
21.027	Economic Development Cluster COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Unmodified 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 2022-001**

Subject: Financial Transactions and Reporting - County Auditor  
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.

FLOYD COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition and Context*

Financial information is required to be entered annually into the Indiana Gateway for Government Units (Gateway) financial reporting system, which is the source of the County's Annual Financial Report (AFR). Although the County hired a consultant to assist with information entered in Gateway, and the County Auditor 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 the lack of effective internal controls, the financial information entered into Gateway was inaccurate and not reflective of the financial activity of the County's underlying records. As such, the AFR presented for audit contained the following errors:

1. Two funds were not reported, which resulted in beginning cash and investments being understated by \$61,818, receipts being understated by \$37,123, and the ending cash and investments balance being understated by \$98,941.
2. Errors were identified with eight other funds, which resulted in receipts being understated by \$502,655, disbursements being understated by \$102,382, and ending cash and investments being understated by \$400,273.
3. Supplemental financial activity for the county departments reported to the County Auditor by each department on the CAR-1 for inclusion in the AFR were omitted. As such, the beginning cash and investments balances, receipts, disbursements, and ending cash and investments balances of each of the following departments were not reported, which understated the balances of each fund as follows:
  - a. The Clerk of the Circuit Court's Odyssey fund beginning cash and investments balance by \$2,267,841, receipts by \$3,072,758, disbursements by \$3,183,246, and ending cash and investments balance by \$2,157,353.
  - b. The Clerk of the Circuit Court's ISETS-Child Support fund beginning cash and investments balance by \$23,869, receipts by \$349,099, disbursements by \$353,097, and ending cash and investments balance by \$19,871.
  - c. The County Sheriff's Tiger (Commissary Activity Report) fund beginning cash and investments balance by \$1,208,916, receipts by \$1,691,057, disbursements by \$2,000,688, and ending cash and investments balance by \$899,285.
  - d. The County Sheriff's Inmate Trust Balance Report fund beginning cash and investments balance by \$78,136, receipts by \$1,252,720, disbursements by \$1,248,641, and ending cash and investments balance by \$82,215.
  - e. The Treasurer After Settlement Collection fund beginning cash and investments balance by \$3,283,327, receipts by \$2,887,562, disbursements by \$3,283,327, and ending cash and investments balance by \$2,887,562.
4. Four funds were reported with different fund names than the prior audit report due to incorrect coding when submitting the AFR.

Adjustments were proposed, accepted by the County, and made to the financial statement presented in the Financial Statement Audit Report.

FLOYD 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. . . ."

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*

Management of the County had not designed an effective system of internal controls that would have ensured proper reporting of the AFR. 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 statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

*Effect*

Without a proper system of internal controls in place that operated effectively, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As such, material misstatements or irregularities remained undetected. The AFR contained the errors identified in the *Condition and Context*.

The failure to monitor the internal control system placed the County 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.

FLOYD COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2022-002***

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 2021-002.

*Condition and Context*

The County failed to properly review the federal grant information prepared and submitted in the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's Schedule of Expenditure of Federal Awards (SEFA). Although the County hired a consultant to assist with information entered in Gateway, and the County Auditor 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 the lack of effective internal controls, the SEFA presented for audit included the following errors:

1. Two grant programs were omitted, which understated expenditures by \$141,460.
2. One grant was reported on the SEFA twice under two different Assistance Listings Numbers, which overstated expenditures by \$48,483.
3. Five grant programs had individually immaterial errors that resulted in a misstatement of expenditures of \$370,445, in total.
4. One grant was listed under the wrong Assistance Listings Number.
5. The amount reported as passed through to subrecipients was overstated by \$92,747.
6. Several grants had the incorrect program name or pass-through entity or were not properly identified as direct grants.

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.

FLOYD COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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](#)."

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:

FLOYD COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (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.
- (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 designed an effective system of internal controls that would have ensured proper reporting of the SEFA. 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 statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

*Effect*

Without a proper system of internal controls in place that operated effectively, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As such, material misstatements of the SEFA remained undetected. The SEFA contained 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 2022-003**

Subject: Financial Transaction and Reporting - County Treasurer  
Audit Findings: Material Weakness, Noncompliance

FLOYD COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2021-003.

*Condition and Context*

The County Treasurer had not designed and implemented internal controls to ensure that the monthly bank reconciliations were complete and accurate or that financial activity was properly recorded.

Due to the lack of effective internal controls the following errors were identified:

1. Bank reconcilements were not properly completed for five of the County Treasurer's bank accounts which had minimal activity and/or could be considered investment accounts.
2. One bank account was not listed in the County Treasurer's Daily Balance of Cash Depositories, Form 47 (Cash Book), nor included in the County Treasurer's bank reconciliation because the balance was relatively small, and activity was transferred out the next month.
3. The outstanding check lists used in the reconcilements contained errors. A check in the amount of \$49,469 was shown as outstanding on December 31, 2022, and was included on the outstanding check list as of April 2023; however, the check cleared the bank in December 2022. In addition, numerous items were shown on the outstanding check list dating back to 2012.
4. A comparison of the Cash Book to the bank depository account on December 31, 2022, indicated an unidentified cash short of \$516,180.
5. A monthly reconciliation of the record balance with the County Auditor on County Form No. 61, Monthly Financial Statement was not properly performed. Variances existed each month between the amount reported by the County Auditor and that reported by the County Treasurer in the Cash Book. At December 31, 2022, the County Treasurer reported \$208,250 more than the balance reported by the County Auditor.

*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. . . .

FLOYD 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 5-13-5-1(a) states:

"Every public officer who receives or distributes public funds shall:

- (1) keep a cashbook into which the public officer shall enter daily, by item, all receipts of public funds; and
- (2) balance the cashbook daily to show funds on hand at the close of each day."

The Treasurer's Daily Balance of Cash and Depositories, Form 47, is the record prescribed to enable the treasurer to comply with IC 5-13-5-1. It reflects the daily receipts and disbursements, total amount of cash and investments on hand, and a proof of the financial condition of the office at the close of each day. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 5)

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void. . . ."

Indiana Code 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the:

- (1) board of finance of the political subdivision; or
- (2) fiscal body of a city or town.

The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

FLOYD COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Indiana Code 5-11-10.5-5 states in part:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision.  
..."

The Monthly Financial Statement, Form 61, is a permanent record prepared from the treasurer's funds ledger at the close of each month. It is prepared after all postings to the ledger have been completed for the month and reflects the total receipts and disbursements and the balance for each fund for the month and for the year to date. The statement must agree with a similar statement kept by the county auditor, giving consideration to any adjustments required to reconcile the ledgers of the two offices. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 5)

*Cause*

The County Treasurer had not designed and implemented a proper system of internal controls over financial transactions and reporting to ensure bank reconciliations were completed accurately and that financial transactions were recorded properly. 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 statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

*Effect*

Without the proper implementation of an effectively designed 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. As a result, errors were identified as 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 2022-004**

Subject: Financial Transaction and Reporting - County Sheriff  
Audit Findings: Material Weakness, Noncompliance

*Condition and Context*

The County Sheriff had not designed or implemented an effective system of internal controls over financial transactions and reporting to prevent, or detect and correct, errors. The following issues were identified:

FLOYD COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

1. Internal controls were not in place to verify financial reports contained all financial activity and that the financial activity was properly reported. Financial reports presented for audit to support the supplemental financial report, CAR-1, completed by the department for inclusion in the County's annual financial report, did not support the amounts reported. The beginning cash and investments balance on the financial report presented for audit was not in agreement with the prior year ending cash and investments balance. In addition, financial reports detailing transactions and providing summarized totals were not in agreement with one another and in some instances were not mathematically correct. When the issues identified were brought to the County Sheriff's Director of Financial Operations attention, the software vendor was contacted, and it was determined the parameters used to run the report were incorrect resulting in omission of data.
2. The County Sheriff had not separated incompatible activities related to financial transactions and reporting. Bank reconcilements were performed by one individual with no indication of oversight or review to prevent, or detect and correct, errors. The same individual was also responsible for recording transactions and issuing checks.
3. Internal controls in place over the recording and approving of adjustments made to the financial records were insufficient as documentation to support the adjustments did not provide an explanation as to the reason for the adjustment to ascertain the validity of the adjustment.
4. Internal controls were not properly documented for the reconciliation of receipts issued with collections on hand. Although the County Sheriff's procedures required monies to be counted by two individuals and reconciled with the receipts, with both individuals signing the collections report verifying the accuracy, documentation reviewed only showed one employee signature.
5. Internal controls were not in place to ensure monies were deposited in a timely manner. Testing identified eight instances in which monies were deposited 7 days or more after the receipt of funds. In one instance monies were not deposited until 25 days after being received.
6. Internal controls over disbursements documenting the approval of purchases; verifying purchases made from commissary funds followed Indiana Code 36-8-10-21; and verification of the receipt of goods or services prior to payment of invoices were not in place. In addition, internal controls were not in place to ensure proper documentation was retained to support disbursements made. As such, for 19 percent of the disbursement transactions reviewed, either information was not retained to support the disbursement transaction or the disbursement was for activity not authorized by Indiana Code 36-8-10-21.

*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:

FLOYD COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(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 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . ."

Indiana Code 5-13-6-1(g) states in part:

"The following are not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars (\$500): . . .

- (2) A local officer of a political subdivision required to deposit funds under subsection (c) other than a township trustee.
- (3) A city or a town required to deposit funds under subsection (d)."

Indiana Code 36-8-10-21 states:

"(a) This section applies to any county that has a jail commissary that sells merchandise to inmates.

(b) A jail commissary fund is established, referred to in this section as "the fund". The fund is separate from the general fund, and money in the fund does not revert to the general fund.

(c) The sheriff, or the sheriff's designee, shall deposit all money from commissary sales into the fund, which the sheriff or the sheriff's designee shall keep in a depository designated under [IC 5-13-8](#).

(d) The sheriff, or the sheriff's designee, at the sheriff's or the sheriff's designee's discretion and without appropriation by the county fiscal body, may disburse money from the fund for:

- (1) merchandise for resale to inmates through the commissary;
- (2) expenses of operating the commissary, including, but not limited to, facilities and personnel;
- (3) special training in law enforcement for employees of the sheriff's department;

FLOYD COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (4) equipment installed in the county jail;
- (5) equipment, including vehicles and computers, computer software, communication devices, office machinery and furnishings, cameras and photographic equipment, animals, animal training, holding and feeding equipment and supplies, or attire used by an employee of the sheriff's department in the course of the employee's official duties;
- (6) an activity provided to maintain order and discipline among the inmates of the county jail;
- (7) an activity or program of the sheriff's department intended to reduce or prevent occurrences of criminal activity, including the following:
  - (A) Substance abuse.
  - (B) Child abuse.
  - (C) Domestic violence.
  - (D) Drinking and driving.
  - (E) Juvenile delinquency;
- (8) expenses related to the establishment, operation, or maintenance of the sex and violent offender registry web site under [IC 36-2-13-5.5](#); or
- (9) any other purpose that benefits the sheriff's department that is mutually agreed upon by the county fiscal body and the county sheriff.

Money disbursed from the fund under this subsection must be supplemental or in addition to, rather than a replacement for, regular appropriations made to carry out the purposes listed in subdivisions (1) through (8).

(e) The sheriff shall maintain a record of the fund's receipts and disbursements. The state board of accounts shall prescribe the form for this record. The sheriff shall semiannually provide a copy of this record of receipts and disbursements to the county fiscal body. The semiannual reports are due on July 1 and December 31 of each year."

**Cause**

The County Sheriff had not designed and implemented a proper system of internal controls over financial transactions and reporting. 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 statements of what should be done to effect internal controls, 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. As a result, errors were identified as identified in the *Condition and Context*.

FLOYD 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.

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2022-005**

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Reporting  
Federal Agency: Department of the Treasury  
Federal Program: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds  
Assistance Listings Number: 21.027  
Federal Award Number and Year (or Other Identifying Number): FY2021  
Compliance Requirement: Reporting  
Audit Findings: Material Weakness, Other Matters

*Condition and Context*

The County had not properly designed a system of internal controls that would be effective in preventing, or detecting and correcting, noncompliance. Recipients are required to submit quarterly or annually Project and Expenditure (P&E) reports to the U.S. Department of the Treasury (Treasury). The reporting periods, as well as the respective due dates, are based upon type of recipient and its population, as well as recipient's allocation amount. Information to be reported includes projects funded, expenditures, and contracts for the appropriate reporting period.

The County was classified as a Tier 2 (Metropolitan cities and counties with a population below 250,000 residents which received more than \$10 million in Coronavirus State and Local Fiscal Recovery Funds (SLFRF)) recipient. As such, the initial P&E report, covering three calendar quarters from March 3, 2021 to December 31, 2021, was required to be submitted to the Treasury by January 31, 2022. The subsequent quarterly reports were to cover one calendar quarter and must be submitted to the Treasury by the last day of the month following the end of the period covered.

The County submitted four P&E reports during the audit period; however, the errors as identified below were noted on all four reports.

*Quarterly Report: March 3, 2021 to December 31, 2021*

Current period expenditures were reported as \$0 for all 44 projects identified in the report. However, 3 projects had current year expenditures.

*Quarterly Report: January 1, 2022 to March 31, 2022*

Current period expenditures were reported as \$0 for all 22 projects identified in the report. However, 5 projects had current year expenditures. In addition, 1 project reported total cumulative expenditures when in fact no expenditures had yet occurred.

*Quarterly Report: April 1, 2022 to June 30, 2022*

Current period expenditures were reported as \$0 for 20 of 22 projects identified in the report. However, 1 project, had current year expenditures. In addition, 1 project reported total cumulative expenditures when in fact no expenditures had yet occurred.

FLOYD COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Quarterly Report: July 1, 2022 to September 30, 2022*

Current period expenditures were reported as \$0 for 5 projects identified in the report. However, the 5 projects had current period expenditures. In addition, 5 projects identified in the report reported current period expenditures when in fact no expenditures had occurred in the reporting period. Finally total cumulative expenditures for 1 project could not be traced to the County's ledger.

The lack of effective internal controls and noncompliance were systemic issues 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). . . ."

*Coronavirus State and Local Fiscal Recovery Funds Compliance and Reporting Guidance*, states in part:

**"Reporting.** All recipients of federal funds must complete financial, performance, and compliance reporting as required and outlined in Part 2 of this guidance. Expenditures may be reported on a cash or accrual basis, as long as the methodology is disclosed and consistently applied. Reporting must be consistent with the definition of expenditures pursuant to 2 CFR 200.1. Your organization should appropriately maintain accounting records for compiling and reporting accurate, compliance financial data, in accordance with appropriate accounting standards and principles. . . ."

31 CFR 35.4(c) states in part: "*Reporting and requests for other information.* During the period of performance, recipients shall provide to the Secretary periodic reports providing detailed accounting of the uses of funds, . . ."

*Cause*

A proper system of internal controls over P&E reports was not implemented by the management of the County to ensure that complete and accurate information related to the SLFRF awards was provided to the Treasury. 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 statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

FLOYD COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

Without the proper implementation of an effectively designed 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. Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the County.

In addition, not meeting the SLFRF reporting requirements increases the likelihood that the public will not have access to transparent and accurate information regarding expenditures of federal awards.

*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 that would provide a segregation of duties for the preparation and review of federal reports to ensure appropriate reviews, approvals and oversight are taking place. Additionally, management should develop policies and procedures to ensure that the County provides the Treasury with complete and accurate information for the P&E report.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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#### AUDITEE-PREPARED DOCUMENTS

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



**Diana M. Topping**  
**Floyd County Auditor**

### **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

#### **Finding 2021-001**

Fiscal year in which the finding occurred: 2012

Status of Audit Finding: The annual financial report is now being reviewed by another person other than the preparer. We are still working on developing procedures to ensure accurate reporting of the annual financial report.

#### **Finding 2021-002**

Fiscal year in which the finding occurred: 2012

Status of Audit Finding: SEFA was reviewed by both the Auditor and the Chief Deputy, as well as our third-party contractor that helps with preparation of it. We are still working on implementing a policy in how the department's report their grant information to the Auditors office.

#### **Finding 2021-004**

Fiscal year in which the finding occurred: 2021

Status of Audit Finding: Corrective Action was taken

#### **Finding 2021-005**

Fiscal year in which the finding occurred: 2021

Status of Audit Finding: Corrective Action was taken

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**Steve D. Burks**  
**Floyd County Treasurer**

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDING**

### **FINDING 2021-003**

**Fiscal year in which the finding initially occurred.**

- **Fiscal year in which the finding occurred: 2019**

### **Status of Audit Finding**

#### **Bank Reconciliations:**

- **The county continues to work on implementing the internal controls policy and monitors the reconciliation of said bank accounts with the errors by reducing the number of banks. We are working with the auditor's office to remove checks from the outstanding checks list at the appropriate time and make sure ALL outstanding checking are recorded. Due to the changes in personal in the auditor's office, we have worked with them to see policy change when it comes to "dead checks." That policy is no longer in use. We continue to rectify the discrepancies in the Daily Balance of Depositories to the bank accounts.**

#### **Timely Financial Recording**

- **We have rectified the receiving receipts from the Auditor of State by receipting them in a timely fashion.**

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**Diana M. Topping**  
**Floyd County Auditor**

**CORRECTIVE ACTION PLAN**

***FINDING 2022-001***

Contact Person Responsible for Corrective Action: Diana Topping  
Contact Phone Number: (812) 948-5435

Views of Responsible Official: Yes, we agree with the findings

Description of Corrective Action Plan:

Writing an internal SOP that includes the reminder that CAR-1s are to be included in the AFR.  
Updating/correcting fund coding. Implementing a thorough check and re-check by Auditor and Chief Deputy Auditor on each portion of the AFR.

Anticipated Completion Date: 12/31/2023

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**Diana M. Topping**  
**Floyd County Auditor**

**CORRECTIVE ACTION PLAN**

***FINDING 2022-002***

Contact Person Responsible for Corrective Action: Diana Topping  
Contact Phone Number: (812) 948-5435

Views of Responsible Official: Yes, we agree with the findings

Description of Corrective Action Plan:

Implement a requirement that all approved grant documentation be copied to the Auditors Office allowing for better documentation and grant tracking. Both Auditor and Chief Deputy Auditor will review all information compiled and submitted for SEFA.

Anticipated Completion Date: 12/31/2023

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**Steve D. Burks**  
**Floyd County Treasurer**

## **Corrective Action Plan**

### **Finding 2022-003**

Contact Person Responsible for Corrective Action: Steve Burks, County Treasurer

Contact Phone Number: 812.948.5477

View of Responsible Official: I concur with the findings

Description of Corrective Action Plan:

1. Bank Reconcilements – Set dates for completion of reconcilements with staff, will monitor this to make sure they are completed and any investments accounts will be included in those monthly statements.
2. Single bank account – Will meet with department leader to get all necessary documentations to make sure the account is included in cashbook.
3. Outstanding checks & Daily balance of cash deposits - Will continue to work with the auditor’s office to update outstanding checks list and remove those that are eligible to the proper funds when appropriate, if fund no longer exist request will be made to move them to the general fund.
4. Monthly reconciliation - Will continue to work with the auditor’s office on reconciliation so the two offices will agree. In addition, the county council has approved the purchase of new software that will allow the treasures office to operate on real time with the auditor’s office.
5. Daily Balance of Cash Depositories – We will go back through all bank statements to determine any errors that could have been recorded on the daily balance of cash depository and identify where the short amount, whether that would be through warrants or ACH’s that have not been identified. We continue to work on closing FFB regular account that seems to have caused some of the issues.
6. Internal Control policy has been established as follows...

### **FINANCIAL TRANSACTION REPORTING:**

**Treasurers Duties:** Daily quietus, receipt, and verify all ACH, BMV, excise bank deposits are receipted in verify bank deposit, assists with bank reconciliations and verification.

**Chief Deputy duties:** Daily cashbook reconciliation of receipts, quietus, and warrants and GL posting, prepare daily bank deposit.

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Phone: 812-948-5477 Fax: 812-648-4750

[sburks@floydcounty.in.gov](mailto:sburks@floydcounty.in.gov)

[www.floydcounty.in.gov](http://www.floydcounty.in.gov)



**Steve D. Burks**  
**Floyd County Treasurer**

**Second Deputy duties:** Posts all daily work to spreadsheets, verifies balance against daily cashbook, monthly checking and investment reconciliation, interest earned on investments and bank accounts

shall be quietus in to Auditors office monthly. Identify and resolve any financial discrepancy in reconciliations.

- Any discrepancies discovered must be reported to the Treasurer immediately.

**Anticipation Completion Date:** Ongoing

Room113 City-County Bldg. 311 Hauss Square, New Albany, Indiana 47150  
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# FLOYD COUNTY SHERIFF'S OFFICE

STEVE BUSH | FLOYD COUNTY SHERIFF



FLOYD COUNTY SHERIFF'S OFFICE

## CORRECTIVE ACTION PLAN

### FINDING 2022-004

FLOYD COUNTY SHERIFF – SHERIFF STEVE BUSH

CONTACT PHONE NUMBER- 812-948-4732

#### VIEWS OF SHERIFF STEVE BUSH

*In light of the "MATERIAL WEAKNESS, NON COMPLIANCE" identified findings listed by State Board of Accounts Audit of FY 2022, under a previous Administration, Time Frame and the first extensive Audit of the Commissary Funds activity including the CAR-1, Corrective actions and Internal Controls will be addressed as identified below. Material weakness as identified of the CAR-1, have been corrected by engaging the engineers at the Software Vendor –TIGER CORRECTIONAL SERVICES as identified in the Findings Report. It will always be my responsibility to address any issues, oversight, and internal control concerns, regarding the safekeeping and security of any funds accepted by the Floyd County Sheriff's Office. Authorized use of funds will be levied against any requests under the new Administration. and timely deposit of funds have been addressed in the Corrective Action Plan below, and with all employees entrusted with the process. All efforts will be made to ensure Internal Controls are sound, to the best of the Floyd County Sheriff's Office's ability. Cameras are now in place at each collection location, the funds are collected, reconciled to the auto generated reports and two employees will initial on the report and attached deposit slip, the collection of funds from inmates is completely cashless, and are recorded/credited upon inmate orders. All documentation for disbursements will be maintained to the best of our ability and the separation of reconciliations and disbursements will be set in place. The continued demonstration of this Administration, under my guidance, will be that the acceptable level of internal control standards and internal control procedures for political subdivisions will be in place. I can provide, with reasonable assurance, that all objectives, addressed in this finding have been addressed and corrective action plans have been initiated. The current infrastructure limits, to a degree, the extensive recommendations identified in the finding. With reasonable assurance, the Floyd County Sheriff's Office will operate effectively and efficiently to safeguard the assets under our purview, provide reliable information, and to comply with the applicable constraints levied on the Sheriff's Office. The Floyd County Sheriff's Office, with reasonable assurance, is setting goals to create a favorable control environment, continuing ongoing risk assessments, designing-implementing-maintaining effective control activities, promoting effective information and communication of all aspects of funds control, and continuing to monitor the effectiveness of all internal control processes.*

311 HAUSS SQUARE - NEW ALBANY, INDIANA 47150

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<b>Contact Us:</b>	<b>Dispatch</b>	<b>Administration</b>	<b>Investigations</b>	<b>Corrections</b>	<b>Fax</b>
	812-948-5400	812-542-3042	812-948-5407	812-948-5404	812-948-5409

# FLOYD COUNTY SHERIFF'S OFFICE

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## Corrective Action Plan

1. When reviewing the CAR-1, TIGER CORRECTIONAL SERVICES just created the canned software for funds overview, previous years ending balances were not verified to the new processes. This newly created report, combined with the intensive audit review, revealed a gap. This gap was identified and corrected. Previous year data was not corrected. The CAR-1 ending balance, although NOT MATERIAL in 2021, has been corrected and future reports will accurately reflect all inclusive balances.
2. Bank Reconciliations and activities related to financial transactions and reporting have always been handled by one person until 2018. The duties were separated to align with stronger control oversight at that time. It has been the efforts of the Floyd County Sheriff's Office to align with the Internal Control recommendations of the Audit Team. The Sheriff's Office has strengthened the commitment to separate the duties of disbursing and reconciling the statements. Reconciliations will be reviewed by Colonel, initialed and dated.
3. The adjustments referenced in the finding, as identified by SBOA, did not reference the bank statements nor bank reconciliations. The adjustments were identified as corrections related to the ledger. Copies of the ledger are provided to the Floyd County Auditor's Office for review and filing. All information is available to County Council as well. Since this has never been an Audit issue, the Floyd County Sheriff's Office agrees to implement a corrective action plan to strengthen the Internal Control oversight with a heightened review of all "Adjustments to the Ledger." All adjustments will, from August 1<sup>st</sup>, 2023 forward, contain an explanation and note from the Administrative staff—that the adjustment has been reviewed and approved.
4. Controls for monies collected and deposited are managed with reasonable assurance of safety and security. All collections points have been relocated to camera covered locations. The verification and deposit of those funds are verified and documented, with every effort to utilize two (2) employees. The reasonable assurance is the use of technology (cameras), as well as each of the three (3) collection points will be reconciled (in total) to the generated consolidated system reports, verified count by two (2) employees, initialed on both the generated reconciled statement and the bank deposit slip.
5. Depositing of monies, timely, has been addressed and the Internal Controls processes are being formulated and will be presented in an educating format and signed off on.
6. All disbursements, regardless of check issuance or credit card purchase, will be documented and reviewed periodically to ensure compliance to 36-8-10-21. With the TIGER CORRECTIONAL SOFTWARE, a detailed explanation and reference to the 1- thru 9 acceptable expenditures allowed statute (36-8-10-21) will be included. With the Credit Card (WesBanco) statement, a detailed transaction listing will be printed each month. An explanation of the expense, along with the related 1 thru 9 acceptable expenditure allowed by statute correlation definition will be included.

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Floyd County  
Director of Operations and Planning  
2514 Corydon Pike Suite 202  
New Albany, IN 47150  
(812)948.4110

## CORRECTIVE ACTION PLAN

### ***FINDING 2022-005***

Contact Person: Donald Lopp, Director of Operations and Planning  
Contact Phone Number: (812) 948.4110

Views of Responsible Official: Corrective Action

As Director of Operations and Planning, the American Rescue Plan quarterly reports are submitted through the office. During the audit, it appears eight of the ten audit items had the correct cumulative expenditure but those figures were not also applied to the current quarter expenditures. The US Treasury portal will not allow for the submission of the quarterly report unless the cumulative obligations and expenditures match.

Description of Corrective Action Plan:

Prior to submission, quarterly reports will be printed and reviewed by secondary staff in Office to review submission correctness.

Anticipated Completion Date:

This method will be instituted at the July 2023 quarterly report submission.

## 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/>.