

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

GREENE COUNTY, INDIANA

January 1, 2022 to December 31, 2022



FILED

08/22/2023

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	3-4
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	5-8
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	11-12
Notes to Schedule of Expenditures of Federal Awards.....	13
Schedule of Findings and Questioned Costs.....	14-20
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	22-23
Corrective Action Plan	24-26
Other Reports.....	27

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Matthew W. Baker Heather Perry	01-01-22 to 12-31-22 01-01-23 to 12-31-23
County Treasurer	Nicole L. Stahl-Troutman Samantha Mahan (interim) Samantha Mahan	01-01-22 to 05-13-22 05-14-22 to 06-10-22 06-11-22 to 12-31-23
Clerk of the Circuit Court	Stuart A. Dowden	01-01-22 to 12-31-23
County Sheriff	Michael L. Hasler George A. Dallaire	01-01-22 to 12-31-22 01-01-23 to 12-31-23
County Recorder	Sarah J. Bender	01-01-22 to 12-31-23
President of the Board of County Commissioners	Nathan L. Abrams	01-01-22 to 12-31-23
President of the County Council	Gregg Roudebush Kelly Zimmerly	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 GREENE 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 Greene 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 August 8, 2023, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002, that we consider to be material weaknesses.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2022-002.

Greene 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

August 8, 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 GREENE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Greene 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.

Qualified Opinion on COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the COVID-19 - Coronavirus State and Local Fiscal Recovery Funds for the year ended December 31, 2022.

Unmodified Opinion on the Other Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2022.

Basis for Qualified and Unmodified Opinions

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.

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)

Matter Giving Rise to Qualified Opinion on COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

As described in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding 21.027 COVID-19 - Coronavirus State and Local Fiscal Recovery Funds, as described in item 2022-003 for Procurement and Suspension and Debarment. Compliance with such requirement is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

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.

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.

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)

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 2022-004. 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.

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 items 2022-003 and 2022-004, 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 August 8, 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

August 8, 2023

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

GREENE 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 Housing and Urban Development</u>					
Community Development Block Grants/State's program and Non-entitlement Grants in Hawaii CDBG CV-CV2-337	Indiana Office of Community and Rural Affairs	14.228	CV-CV2-337	\$ -	\$ 200,000
Total - Department of Housing and Urban Development				-	200,000
<u>Department of Justice</u>					
COVID-19 - Coronavirus Emergency Supplemental Funding Program CESF Grant	Indiana Criminal Justice Institute	16.034	2020-VD-BX-0244	-	51,845
Crime Victim Assistance Victim Assistance Grant	Indiana Criminal Justice Institute	16.575	2018-V2-GX-00312019-V2-GX-0014	-	28,388
Total - Department of Justice				-	80,233
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction County Wide Bridge Inspections	Indiana Department of Transportation	20.205	DES 1902069	-	113,690
Total - Highway Planning and Construction Cluster				-	113,690
Interagency Hazardous Materials Public Sector Training and Planning Grants LEPC Grant	Indiana Department of Homeland Security	20.703	693JK31940014HMEP	-	900
Total - Department of Transportation				-	114,590
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus Relief Fund COVID-19 Health	Indiana State Department of Health	21.019	FY22	-	36,134
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds ARPA Grant	Direct Grant	21.027	FY22	-	473,011
Total - Department of the Treasury				-	509,145
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness Greene County HD BP1	Indiana State Department of Health	93.069	FY22	-	25,000
COVID-19 - Immunization Cooperative Agreements Children's Immunization Grant	Indiana State Department of Health	93.268	FY22	-	66,476

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) Greene County Health Department Testing Grant	Indiana State Department of Health	93.323	FY22	-	50,000
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response Covid-19	Indiana State Department of Health	93.354	FY22	-	23,688
Child Support Enforcement	Indiana Department of Child Services	93.563			
Prosecutor's Incentive			FY22	-	12,558
Court Costs Expenditures			FY22	-	28,128
Clerk's Expenditures			FY22	-	28,270
Clerk's Incentive			FY22	-	7,800
County General Collection Incentive			FY22	-	19,349
Indirect Costs			FY22	-	113,656
Prosecutor's Expenditures			FY22	-	198,163
Total - Child Support Enforcement				-	407,924
Foster Care-Title IV-E Foster Care-Title IV-E	Indiana Department of Child Services	93.658	FY22	-	5,794
Opioid STR IOCS Grant	Indiana Supreme Court	93.788	21-5JC89-C28-001	-	46,890
Total - Department of Health and Human Services				-	625,772
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants EMPG Grant	Indiana Department of Homeland Security	97.042	EMC-2021-EP-00004	-	19,170
Total - Department of Homeland Security				-	19,170
Total federal awards expended				\$ -	\$ 1,548,910

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

GREENE 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.

GREENE 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
14.228	Community Development block Grants/State's program and Non-Entitlement Grants in Hawaii	Unmodified
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Qualified

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2022-001

Subject: Financial Transactions and Reporting - County Auditor
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2021-001.

GREENE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

The County had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties that would likely be effective in preventing, or detecting and correcting, errors on the financial statement. The financial statement is derived from the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system. One individual entered the financial information into Gateway without an oversight, review, or approval process to ensure the information was accurate.

Criteria

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

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

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

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

Cause

Management of the County had not established a proper system of internal controls over financial transactions and reporting. A sufficient system of internal controls is a process executed by officials and employees that is designed to provide reasonable assurance that the objectives of the County will be achieved.

Effect

Without a proper system of internal controls including policies and procedures that provide segregation of duties and additional oversight as needed, in place that operated effectively, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material misstatements or irregularities.

Views of Responsible Officials

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

FINDING 2022-002

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

GREENE 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 2021-002.

Condition and Context

The County had not properly designed or implemented a system of internal controls that would likely be effective in preventing, or detecting and correcting, material errors on the bank reconciliations. The County Treasurer prepared the monthly bank reconciliations, and the Deputy County Treasurer reviewed the reconciliations; however, the internal control was not effective as the prepared reconciliations were prepared with unidentified material differences that were not investigated and corrected timely. The December 31, 2022 reconciliation for the main bank account was not prepared until April 27, 2023.

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 5-13-6-1(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)

Cause

Management of the County had not established a proper system of internal controls related to cash and investments. A sufficient system of internal controls is a process executed by officials and employees that is designed to provide reasonable assurance that the objectives of the County will be achieved.

GREENE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 misstatements or irregularities. As a result, unidentified material errors went undetected, and reconciliations were not completed timely.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2022-003

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Suspension and Debarment
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): FY22
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

The County elected to receive the standard revenue loss allowance, allowing the County to claim its total State and Local Fiscal Recovery Funds (SLFRF) allocation of \$5,633,572 as revenue loss to use for government services. As such, all SLFRF program funds expended in 2022 were expended under the revenue loss eligible use category. The U.S. Department of the Treasury (Treasury) determined that there are no subawards under this eligible use category, and that recipients' use of revenue loss funds would not give rise to subrecipient relationships given that there is no federal program or purpose to carry out in the case of the revenue loss portion of the award.

Prior to entering into subawards and covered transactions with SLFRF award funds, recipients are required to verify that such contractors and subrecipients are not suspended, debarred, or otherwise excluded. "Covered transactions" include, but are not limited to, contracts for goods and services awarded under a non-procurement transaction (i.e., grant agreement) that are expected to equal or exceed \$25,000. The verification is to be done by checking the Excluded Parties List System (EPLS), collecting a certification from that person, or adding a clause or condition to the covered transaction with that person. Due to the Treasury's determination that the revenue loss eligible use category does not give rise to subawards, the County was only required to comply with suspension and debarment requirements related to contracts.

Upon inquiry of the County, in order to review the procedures in place for verifying that an entity with which it plans to enter into a covered transaction is not suspended, debarred, or otherwise excluded, the County divulged that they were unaware of the suspension and debarment requirements related to the SLFRF awards. One covered transaction that equaled or exceeded \$25,000 was identified. The one transaction, totaling \$116,900, during the audit period, was selected for testing. For the noted transaction, the County did not verify the vendor's suspension and debarment status prior to payment due to the County not having any policies or procedures in place to verify that contractors were neither suspended nor debarred, or otherwise excluded or disqualified from participating in federal assistance programs or activities.

GREENE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The lack of internal controls and noncompliance were systemic issues throughout the audit period.

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). . . ."

31 CFR 19.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking the EPLS; or
- (b) Collecting a certification from that person if allowed by this rule; or
- (c) Adding a clause or condition to the covered transaction with that person."

Cause

A proper system of internal controls was not designed by management of the County. 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, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, vendors to whom payments equal to or in excess of \$25,000 were not verified to be not suspended, debarred, or otherwise excluded.

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.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the County establish a proper system of internal controls and develop policies and procedures to ensure contractors and subrecipients, as appropriate, are not suspended, debarred, or otherwise excluded prior to entering into contracts or subawards.

GREENE 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.

FINDING 2022-004

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 Numbers): FY22
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Condition and Context

The County had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, 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 the recipient's allocation amount. Information to be reported includes projects funded, expenditures, and contracts for the appropriate reporting period.

The County had a population below 250,000 residents that received an allocation of less than \$10 million in Coronavirus State and Local Fiscal Recovery Funds (SLFRF). As such, the initial P&E report, covering the period from March 3, 2021 to March 31, 2022, was required to be submitted to the Treasury by April 30, 2022. The subsequent annual reports are to cover one calendar year and must be submitted to the Treasury by April 30 each year.

The County submitted one P&E report during the audit period. The P&E report incorrectly reported amounts granted as subawards. As the County elected to receive the standard revenue loss allowance in which the Treasury determined that there are no subawards, the County should not have reported subawards. Additionally, a review of the County's spending plan, ledgers, and during discussions with the County, it was confirmed no amount was granted as a subaward.

The lack of 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). . . ."

GREENE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Coronavirus State and Local Fiscal Recovery Funds Compliance and Reporting Guidance, page 10, states in part:

". . . **10. 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, compliant 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 the P&E report was not designed by management of the County, which would include segregation of key functions to ensure the County provided the Treasury with complete and accurate information related to the SLFRF awards. 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. 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.

AUDITEE-PREPARED DOCUMENTS

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

Auditor of Greene County
Heather Perry

1 Main Street Room 133 ~ Bloomfield, IN 47424 ~ 812-384-2378
Heather.perry@co.greene.in.us

April 19, 2023

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-001

Fiscal Year in which the finding initially occurred: 2020

Status of Audit Finding:

Uncorrected as of December 31, 2022.

Due to the turnover rate in the Auditor's office for the last two years, we have not been able to conduct proper training to enforce proper internal controls. Beginning in January 2024, the information for the 2023 AFR will be entered by one individual and then reviewed and submitted by another individual. Documentation will be retained that this process is in place.

Heather N. Perry
Greene County Auditor

Treasurer of Greene County
Samantha Mahan



1 Main Street Room 130, Bloomfield, In 47424

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2021-002

Fiscal Year in which the finding initially occurred: 2020

Status of Audit Finding:

The finding was not corrected as of December 31, 2022.

The simplest answer as to why the discrepancies of the account were not completed by December 31, 2022, is when I became treasurer in mid-June of 2022 the accounts were not balance correctly and some not balanced for months So trying to fix something that has been an ongoing issue for years is difficult. Since I took office, I have worked months, weeks, days, and hours on the reconciliation of the accounts for my office. I feel that I have it in better shape than in years passed. When there is a discrepancy in an account Jamie, and I work side by side to line it out. The account that has the biggest discrepancy is our main account, unfortunately, was never balanced correctly which I had to go back to 2020 to have a starting point and it took me longer than I 2thought it would. Honestly, I can only give an estimated time of completion for all accounts as of December 31, 2023.

The reviewer of the bank reconciliation, initials and notes any discrepancies and when the discrepancies are corrected. Reconciliation of all bank accounts are done monthly to our statements and our financial program by Samantha Mahan and reviewed by Jamie Thompson. Reconcilements have continued to contain discrepancies that have not been identified.

Investments have been reinvested with a local bank as of February 2023.

Samantha Mahan
Treasurer of Greene County

Auditor of Greene County
Heather Perry

1 Main Street Room 133 ~ Bloomfield, IN 47424 ~ 812-384-2378
Heather.perry@co.greene.in.us

August 2, 2023

CORRECTIVE ACTION PLAN

FINDING 2022-001

Contact Person Responsible for Corrective Action Plan: Heather Perry
Contact Phone Number: 812-384-8658

Views of Responsible Official: We concur with the finding.

Description of Correction Action Plan:

The Auditor's office will establish proper segregation of duties and internal controls needed to complete the Annual Financial Report. I have created a form that allows two people to sign off on after reviewing what has been entered into Gateway. There isn't any excuse as to why this wasn't done in the past, but it will be completed for the 2024 Gateway submission of the Annual Financial Report. After establishing this new procedure, there should no longer be errors on Gateway.

Heather Perry
Greene County Auditor

Anticipated Completion Date: February 15, 2024

FINDING 2022-003

Contact Person Responsible for Corrective Action: Heather N Perry, Greene County Auditor
Contact Phone Number: 812-384-8658
Secondary Contact: County Attorney, currently Marvin Abshire
Secondary Contact Phone Number: 812-384-0081

Views of Responsible Official: We concur with the finding.

Description of Correction Action Plan:

Corrective action will need to be taken to review the Sam.gov verification website in the future. We will be verifying that current and future Greene County vendors are not barred or suspended on the Sam.gov verification website before using their services. As county attorney is responsible for virtually all contract drafting or approval, county attorney has added to the public works contract checklist the determination whether or not federal funds are used in fulfillment

of the contract and if so, that the contract will contain a suspension and debarment paragraph applicable to contractor and subcontractors. Further, should the county submit a request for qualifications for a design-build public works project, attorney will endeavor to assure that the request for qualifications requires information concerning debarment, disqualification, or removal of the design-builder or a team member from a federal, state, or local government public works project. Attorney will perform the sam.gov verification for qualifying contracts or matters implicating suspension and debarment; will date and initial or sign the verification; and will ask his assistant to review the verification and initial or sign and date same. Either a paper copy or a PDF of the confirmed verification will be maintained in the contract file.

Heather N. Perry
Greene County Auditor

Anticipated Completion Date: 09/01/2023

Finding: 2022-004

Contact Person Responsible for Corrective Action: Heather N Perry, Greene County Auditor
Contact Phone Number: 812-384-8658

Views of Responsible Official: We concur with the finding.

Description of Correction Action Plan:

The Greene County Auditor's office will establish and maintain effective internal controls over the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Lori Dawn Dickinson will review the P&E Report to verify that all entries are accurate and true, and I (Heather Perry) will submit the report.

Heather Perry
Greene County Auditor

Anticipated Completion Date: April 30, 2024

Treasurer of Greene County
Samantha Mahan



1 E Main Street Room 130 Bloomfield IN 47438

Corrective Action Plan

Finding 2022-002

Contact Person Responsible for Corrective Action Plan: Samantha Mahan

Contact Phone Number: 812-384-4378

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Effective immediately our office will implement a third reviewer of the reconciliation of the bank statements and our financial program in Harris. Jamie Thompson, chief deputy, will be processing the daily activities into our cashbook and initial when completed. Nichol Shaw, deputy will be reviewing the cashbook daily to ensure that the quietus is placed in the proper sections of the cashbook and initial when completed, which will help in preventing material errors. Once Nichol had done her review Samantha Mahan, Treasurer will conduct her daily review of the cashbook and initial when completed. Effective August 14th of 2023 Samantha will be doing a daily balance of all bank accounts to help detect, prevent, and correct errors that may occur daily. By Samantha doing daily balance this will help speed up the process of the monthly balancing of accounts and help with having all accounts done in a timely manner. Upon my completion of the monthly balancing Nichol Shaw will review all documentation for each account, once Nichol has completed her review, she will initial the paperwork and then pass it on to Jamie for the 3rd and final review of reconciliation, once Jamie has completed her review, she will initial the paperwork.

Anticipated completion Date:

Cashbook reviewing will be done daily by Jamie, Nichol, and Samantha. Reconciliation of bank accounts will be done daily by Samantha and monthly by Samantha with Nichol and Jamie reviewing them monthly once Samantha has completed each account. All accounts will be balanced by January 31, 2024.

Samantha Mahan, Greene County Treasurer

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/>.