

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

PUTNAM COUNTY, INDIANA

January 1, 2022 to December 31, 2022



FILED
08/10/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Kristina Berish	01-01-22 to 12-31-23
County Treasurer	Katherine Ann Minnick	01-01-22 to 12-31-23
Clerk of the Circuit Court	Heather L. Gilbert Tracy L. Bridges	01-01-22 to 12-31-22 01-01-23 to 12-31-23
County Sheriff	Scott Stockton Matt Demings Jerrod Baugh	01-01-22 to 12-11-22 12-12-22 to 12-31-22 01-01-23 to 12-31-23
County Recorder	Tracy L. Bridges Heather L. Gilbert	01-01-22 to 12-31-22 01-01-23 to 12-31-23
President of the Board of County Commissioners	Rick A. Woodall Thomas P. Helmer	01-01-22 to 12-31-22 01-01-23 to 12-31-23
President of the County Council	David W. Fuhrman Stephanie Campbell	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 PUTNAM 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 Putnam 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 24, 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, and 2022-003, 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 and 2022-003.

Putnam 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 24, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE 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 PUTNAM COUNTY, INDIANA

Report on Compliance for the Major Federal Program

Qualified Opinion

We have audited Putnam 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 its major program for the year ended December 31, 2022. The County's major federal program is 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 Opinion* 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 major program for the year ended December 31, 2022.

Basis for Qualified Opinion

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.

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 the requirements regarding 21.027 COVID-19 - Coronavirus State and Local Fiscal Recovery Funds, as described in items 2022-005 and 2022-006 for the Procurement and Suspension and Debarment and Reporting requirements, respectively. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

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

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.

Other 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 THE 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 items 2022-004, 2022-005, and 2022-006, 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 THE 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 24, 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 24, 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.

PUTNAM 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 VanBibber Lake Conservancy District Water Improvements Project	Office of the Lieutenant Governor	14.228	B20DC180001	\$ -	\$ 678,600
Total - Department of Housing and Urban Development				-	678,600
<u>Department of Justice</u>					
COVID-19 - Coronavirus Emergency Supplemental Funding Program Courtroom Equipment	Indiana Criminal Justice Institute	16.034	0322020VDBX0244	-	20,005
Crime Victim Assistance Victims Assistance Victims Assistance	Indiana Criminal Justice Institute	16.575	03218V2GX003103 03219V2GX001403	-	55,514 28,947
Total - Crime Victim Assistance				-	84,461
Violence Against Women Formula Grants STOP Grant	Indiana Criminal Justice Institute	16.588	03221STOP054403	-	20,028
STOP School Violence STOP Grant	Indiana Department of Homeland Security	16.839	38516839STOPV19	8,250	8,250
Equitable Sharing Program Prosecutor Asset Forfeiture Sheriff Asset Forfeiture	Direct Award	16.922	Prosecuting Attorney Sheriff Forfeiture	-	1,471 2,833
Total - Equitable Sharing Program				-	4,304
Total - Department of Justice				8,250	137,048
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction Des 1600832 Des 1800245 Des 1500251	Indiana Department of Transportation	20.205	Des 1600832 Des 1800245 Des 1500251	-	13,385 139,220 11,158
Total - Highway Planning and Construction				-	163,763
Total - Highway Planning and Construction Cluster				-	163,763
Total - Department of Transportation				-	163,763
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds ARPA	Direct Award	21.027	FY2022	-	4,983,965
Total - Department of the Treasury				-	4,983,965

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
Department of Health and Human Services					
COVID-19 - Public Health Emergency Preparedness Health Dept Preparedness	Indiana State Department of Health	93.069	NU90TP922052	-	24,526
Substance Abuse and Mental Health Services Projects of Regional and National Significance PCEMS Training Grant	Direct Award	93.243	1H79TI084728-01	-	95,591
Immunization Cooperative Agreements VAX Supplement 3	Indiana State Department of Health	93.268	NH23IP922631	-	19,335
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) COVID Vaccine Grant	Indiana State Department of Health	93.323	NU50CK000503	-	50,562
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	Indiana State Department of Health	93.354	NU90TP922179	-	109,615
COVID-19 - Public Health Crisis LHD Annual Survey Grant			NU90TP922179	-	1,000
Total - COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response				-	110,615
Child Support Enforcement	Indiana Department of Health and Human Services	93.563			
Clerk IV-D Incentive			Clerk IV-D Incentive	-	15,196
IV-D Clerk Reimbursement			Clerk Reimbursements	-	38,652
IV-D Court Reimbursement			Court Reimbursements	-	33,979
Prosecutor IV-D Incentive			Prosecutor IV-D Ince	-	28,525
IV-D Prosecutor Reimbursement			Prosecutor Reimbursements	-	187,592
Indirect Costs			Indirect Costs	-	31,574
Total - Child Support Enforcement				-	335,518
Total - Department of Health and Human Services				-	636,147
Department of Homeland Security					
Boating Safety Financial Assistance Marine Patrol Grant	Indiana Department of Natural Resources	97.012	300LE1UA6163000	-	6,849
Emergency Management Performance Grants Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042	EMC-2020-EP-00001-S01	-	11,940
Total - Department of Homeland Security				-	18,789
Total federal awards expended				<u>\$ 8,250</u>	<u>\$ 6,618,312</u>

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

PUTNAM 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.

PUTNAM 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 program:	
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 Program and type of auditor's report issued on compliance for it:

<u>Assistance Listings Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
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: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

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

Condition and Context

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

PUTNAM COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The County failed to properly review the federal grant information prepared and submitted in Gateway. Although the Deputy County Auditor compiled and entered the federal award information into Gateway and the County Auditor reviewed and submitted 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. The COVID-19 - Coronavirus State and Local Fiscal Recovery Funds expenditures were understated by \$255,364.
2. Several additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$268,466, in total.
3. Other errors included incorrect or omitted federal grantor agencies, program titles, project titles, pass-through entities, Assistance Listings Numbers, and identifying numbers.

Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in this report.

Criteria

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

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

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

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 . . ."

PUTNAM COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.1 states in part:

". . . *Internal controls* for non-Federal entities means:

- (1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:
 - (i) Effectiveness and efficiency of operations;
 - (ii) Reliability of reporting for internal and external use; . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

- (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (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."

PUTNAM COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

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

Effect

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

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

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 separated incompatible activities related to financial close and reporting. One individual prepared and submitted the Supplemental Annual Financial Report to the County Auditor for inclusion in the County's Annual Financial Report without a documented review, oversight, 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. . . ."

PUTNAM COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management of the County Treasurer's office had not established a proper system of internal controls related to financial close and reporting.

Effect

The failure to establish an effective system of internal controls could have enabled misstatements or irregularities to remain undetected.

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 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 2021-002.

Condition and Context

Financial Close and Reporting

The County failed to properly review the Annual Financial Report (AFR) entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's financial statement. Although one individual within the County Auditor's office compiled and entered the information into Gateway and another individual reviewed and approved the information entered, the internal control was not effective and did not detect or allow correction of errors prior to submission.

Due to the lack of effective internal controls, two funds had been omitted from the financial statement. The financial statement presented for audit included the following errors:

1. The cash and investments balance at January 1, 2022, was understated by \$322,995.
2. Receipts were understated by \$671,562.
3. Disbursements were understated by \$683,590.
4. The cash and investments balance at December 31, 2022, was understated by \$310,967.

In addition, the Motor Vehicle Highway and MVH Restricted funds were incorrectly combined.

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

PUTNAM COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Payroll Disbursements

The County's designed internal control procedures over payroll disbursements involved the review and approval of employee timecards and timesheets by department heads. The internal control was not consistently implemented during the audit period as evidence of a review was not found on 3 of 15 timecards/timesheets tested.

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](#)."

On the chart of accounts, the MVH Fund and MVH Restricted sub-fund shall be shown as follows:

Counties

Fund 1176 MVH
Fund 1173 MVH Restricted . . .

Together, MVH and MVH Restricted shall constitute the total MVH Fund. MVH and MVH Restricted will be shown separately on the Annual Financial Report and Annual Operational Report.

(State Examiner Directive 2018-2)

Cause

Management had not established an effective system of internal controls related to financial close and reporting and payroll disbursements.

PUTNAM COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective system of internal controls enabled material misstatements or irregularities of the financial statement to remain undetected. The financial statement included the errors identified in the *Condition and Context*. Additionally, the failure to establish a system of internal controls could have enable material misstatements or irregularities of payroll disbursements to occur and remain undetected.

Views of Responsible Officials

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

Auditor's Response

The documentation presented by the County Auditor was dated February 15, 2023, which shows the MVH and MVH Restricted funds separately with the original submission date of the AFR on February 28, 2023. The financial statements were compiled using the most recent AFR information, which was submitted on March 20, 2023. At that time, the MVH and MVH Restricted funds were combined. Prior to the start of the audit, the County Auditor received a copy of the financial statement compiled from the AFR in Gateway and was asked to review the financial statement and attest to the accuracy of the financial statement presented for audit. The County Auditor signed the form indicating that the financial statement represented the books and records adequately without noting any needed adjustments to that financial statement.

Section III - Federal Award Findings and Questioned Costs

FINDING 2022-004

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance

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): FY2022

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/
Cost Principles, Period of Performance

Audit Finding: Material Weakness

Condition and Context

The County had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties that would likely be effective in preventing, or detecting and correcting, material noncompliance related to expenditures made from State and Local Fiscal Recovery Funds (SLFRF).

Prior to receipt of SLFRF award funds, all eligible entities were required to execute a Financial Assistance Agreement (Agreement), which included the Award Terms and Conditions that recipients must comply with in carrying out the objectives of their award. Per the Agreement, the County was responsible for the effective administration of the federal award, as well as the application of sound management practices and administration of the federal funds in a manner consistent with the program objectives and the terms and conditions of the award.

PUTNAM COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recipients may use SLFRF funds for any eligible expenses subject to the restrictions set forth in sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021. The SLFRF program provides substantial flexibility for each recipient to meet local needs within four separate eligible use categories. Recipients may use SLFRF funds to:

1. Respond to the COVID-19 public health emergency and its negative economic impacts.
2. Respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of eligible employers that have eligible workers who are performing essential work.
3. Provide government services, to the extent COVID-19 caused a reduction in revenues collected in the most recent full fiscal year of the recipient.
4. Make necessary investments in water, sewer, or broadband infrastructure.

Pursuant to the Agreement, the period of performance for the award began on the date the funds were disbursed to the County and ends on December 31, 2026. Recipients may only use funds to cover costs incurred during the period that began on March 3, 2021, and ends on December 31, 2024. Recipients must liquidate all obligations incurred by December 31, 2024, under the award no later than December 31, 2026, which is the end of the period of performance.

As part of the County's policies and procedures to ensure an expense is for an allowable activity, allowable cost, and within the period of performance, the appropriate department head is to review and approve payroll for their direct reports. There were 8 of 26 payroll vouchers tested for premium pay that were not reviewed and approved by the appropriate department head as required by the County's policies and procedures.

In addition, four adjustments were made during the audit period. For all four adjustments tested, a single employee prepared the adjustment transaction without a documented oversight, review, or approval process to ensure the adjustment was for an allowable activity, allowable cost, and within the period of performance.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

PUTNAM COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

A proper system of internal controls over the SLFRF expenditures was not designed by management of the County, which would include segregation of key functions to ensure SLFRF funds were being used appropriately. 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.

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 segregation of duties for the preparation and review of the payroll expenditures of the SLFRF awards prior to payment and the preparation and review of adjustments. Additionally, policies and procedures should be implemented to ensure appropriate reviews, approvals, and oversight are taking place.

Views of Responsible Officials

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

FINDING 2022-005

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): FY2022
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 \$7,298,697 as revenue loss to use for government services. As such, all SLFRF program funds 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.

PUTNAM COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 covered transactions.

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. A population of four covered transactions for goods or services that equaled or exceeded \$25,000 paid from SLFRF funds during the audit period was identified. The total population totaling \$549,813 was selected for testing. For each of the four covered transactions, grant files were reviewed, which supported that the County did not verify the vendors' 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.

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). . . ."

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."

PUTNAM COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 non-compliance. 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 any contracts or subawards.

Views of Responsible Officials

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

FINDING 2022-006

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): FY2022
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

The County had not properly 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.

PUTNAM COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The County was classified as a metropolitan county with a population below 250,000 residents that received an allocation of less than \$10 million in Coronavirus State and Local Fiscal Recovery Funds (SLFRF) funding. 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.

A member of the Board of County Commissioners was responsible for the terms and conditions of the grant. The County did not have any policies or procedures to ensure the required report was submitted timely and accurately. As such, the County failed to prepare and submit the P&E report that was due during the audit period.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

PUTNAM 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 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 completes and provides to the Treasury the required P&E reports.

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.

AUDITOR

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2021 -001

Fiscal Year in which the finding initially occurred: 2020

State of Audit Finding: Uncorrected

The deputy had thought the matter was corrected. She sent out an internal control form to every department requiring them to fill it out for every grant they receive. It details out all the information needed for the SEFA report in the AFR except for the disbursements. Deputy takes all the receipts and disbursements for each grant from the reports printed from the financial program we have with LOW Associates to data enter onto the SEFA report.

Deputy is contacting the individual who audited us the past two years to get the detailed report showing where they came up with the receipts and disbursements to better understand what the differences are. Then, to take that information and apply it to the reports she is getting from the financial system. She is also contacting LOW to see if there is a better way to track grants within the software.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-002

Fiscal Year in which the finding initially occurred: 2021

Status of Audit Finding: Uncorrected

The issue remained uncorrected due to the deputy handling payroll. She had been instructed to make sure all the time sheets and payroll vouchers were signed by the department heads.

Corrective Action was to have a job evaluation and a write-up with the payroll deputy that happened in 2023. The end result was the deputy turned in her two week notice of resignation admitting she was not capable of doing the job.

The current payroll deputy has gone back through all time sheets and payroll vouchers to make sure they have been signed by the department head. She has also created a sign-off sheet that will state she has reviewed all time sheets and payroll vouchers for “x” pay period and then had them reviewed by the HR deputy to make sure there was not one missed. This sign-off sheet will be done for every payroll.

Regarding the AFR itself, it was submitted originally by the March 1st deadline and there is documentation showing this. However, due to the Coroner not turning in his bond in time the AFR was opened after submittal and uploaded his current bond. Then, resubmitted. When this was done, for some reason it “kicked out” manual changes made such as the two MVH funds. They were separated but after uploading the bond the manual change was gone resulting in our financial not being accurate.

AUDITOR

To avoid this happening in the future, the County Attorney has been asked to draw up an ordinance that will state all Elected officials must have their bonds filled out, recorded, and turned into the Auditor by no later than February 15th of each year. While making this ordinance also including in it the required CAR-1 must be turned in to the Auditor by February 15th. Once AFR is submitted we will not be opening it back up to make any changes making it look like we were late in submitting or taking the chance of it “kicking out” all the manual changes we have to make each year.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-003

Fiscal year in which the finding initially occurred:2021

Status of Audit Finding: The audit finding was not corrected for this audit period.

When preparing the Supplemental Annual Financial Report in January of 2023, I completed the report and signed off on it. Karrie Minor, my first deputy, checked the accuracy of the report, but I forgot to have her initial the report. When filling out the report for 2023 in January of 2024, we will correct this issue.

AUDITOR

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CORRECTIVE ACTION PLAN

FINDING 2022-001

Contact Person Responsible for Corrective Action: Chief Deputy Auditor Evelyn Williams
Contact Phone Number: 765-653-5513

View of Responsible Official: We concur with the finding with a few opinions. See below.

Description of Corrective Action Plan:

- 1) COVID-19 understated by \$255,364 was a simple matter of deputy looking at the wrong column on a report. This is an error that we accept happened in the 2022 audit but not prior audits. Corrective Action is to have the deputy double/triple check what data is entered and another person review the amounts on the Gateway AFR versus the printer report.
- 2) Misstatements of expenditures: deputy has been reviewing the spreadsheet given to her by the SBOA audit representative. She has been in contact with her via email to better understand where she is getting her figures that resulted in not agreeing with what the deputy put on the SEFA report.

During the process of trying to understand where the audit rep is getting her numbers, the deputy reached out to our financial software company to define more accurate reports to generate the receipts and disbursements. She currently gets these reports through a query that creates a report to use for the AFR. LOW replied, and said they are working on a report to better track grants due to most, if not all, the counties they are in experiencing the same issue of trying to get accurate information to put on the SEFA.

AUDITOR

Deputy currently has an email folder she puts all ACH emails in. She is going to create a ledger. Each time there is an ACH email and a receipt she will track what fund it was for. At the end of the year, she will have this information to use for the SEFA. The disbursements for each grant she will get from a report from our financial program. She will also run her query report she has always done for the receipts to see if they match her ledger. If they do not, research and figure out why they do not.

After she data enters the information on the SEFA report, someone else will review and sign off.

- 3) Other misc. errors – Deputy goes off the internal control grant form each department fills out for their grant regarding the name of the grant fund. One program name for example that is one of the findings: Deputy put Community Development Block Grant. Audit rep states name incorrect because it should be Community Development Block Grant/State’s Program & Non-entitlement grants in Hawaii. Another program name example is the deputy put Coronavirus Emergency Funding Program. Audit rep states incorrect and it should be COVID 19 – coronavirus emergency supplemental funding program. These findings seem to be subject to opinion since the verbiage is on the SEFA report and clearly defined as to what the grant program name is.

Deputy is going through each of the SBOA audit rep’s findings regarding the names to see what they are and to use for future SEFA reports. She knows now that abbreviations and shortened versions of program names are not acceptable.

Anticipated Completion Date: March 1, 2024

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1719

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CORRECTIVE ACTION PLAN

FINDING 2022-002

Contact Person Responsible for Corrective Action: Kathy Minnick, Putnam County Treasurer

Contact Phone Number: 765-653-4510 Ext. 246

Views of Responsible Official: I agree with the finding.

Description of Corrective Action Plan: When preparing the Supplemental Annual Financial Report, one person will complete the report and sign off on the report. Another person will check the accuracy and sign off on the report.

Anticipated Completion Date: The action will be completed when the next report is done for 2023, approximately January 2024.

AUDITOR

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CORRECTIVE ACTION PLAN

FINDING 2022-003

Contact Person Responsible for Corrective Action: Kristina Berish, Auditor and Evelyn Williams, Chief Deputy Auditor

Contact Phone Number: 765-653-5513

Views of Responsible Official: Financial Data - concur with findings.

#5 understand we initialed the form right before audit about the funds being verified. However, we did verify them when the AFR was completed, and they were correct at that time. The only change made was uploading the coroner's bond so there should not have been a need to go back through the entire AFR to make sure it was all correct again. But there was a computer glitch when the bond was uploaded, and it removed all the manual changes making MVH and MVH restricted combined instead of separated. We had documentation showing this that the audit reps saw. But their supervisor said it was a finding.

Payroll disbursements: Concur with findings on payroll.

Description of Corrective Action Plan: Items 1-4: Chief Deputy Williams stated she had data entered this information from the CAR-1. We can only guess the information was removed when I un-submitted AFR to upload the current year Coroner bond and re-submitted. The information she manually entered being removed at that time was not caught by her or the Auditor prior to resubmittal and the audit.

With the information being there prior to the second upload we did not double check all the information. We understand the form 13 states all information was correct: therefore, the finding. In the future, we will not be uploading late bonds. During the pre-audit process the Chief Deputy and Auditor will review the AFR and sign-off after each has reviewed each section.

AUDITOR

Asked the county attorney to draw up an ordinance that Elected Officials must turn in their recorded bond and CAR-1 to the Auditor's office no later than February 15th each year. If not turned in, they are not in compliance with the county's ordinance. We will not un-submit our AFR make changes and re-submit. This is what caused our AFR to appear late and for the manual changes to somehow be removed when we only went in and uploaded the current year bond for the coroner since he turned it in late. If for any reason we must go back in and make changes, we will review all manual changes to make sure they were not removed due to a glitch in the system. Each section will be reviewed by two individuals for a check and balance.

Payroll: the payroll deputy had been advised to make sure all timesheets and payroll vouchers were signed by the department heads. And after last year's audit when it was found again, was advised to go back through all of them (starting January 1st) to make sure all 2022 forms were signed. Audit rep for 2022 found some that were not signed.

The payroll deputy had a performance evaluation earlier this year and a writeup due to lack of performance. Deputy was put on probation. A few days later, the deputy turned in her two-week notice stating she realized she was not capable of doing the job.

We have a new payroll deputy and when I hired her, I split out the human resources part and created a Human Resources Deputy. When we found out in the 2022 audit there were documents found not signed, asked the new payroll deputy to go back to January 1, 2023, and review all forms to make sure they are signed since the previous deputy did not leave until 4/6/23.

From now on, each payroll the payroll deputy will review forms to make sure they are signed. The HR deputy will also review, and there will be a sign-off sheet. The county is also looking into getting a time clock system that would eliminate timesheets and payroll vouchers. It would all be electronic.

Anticipated Completion Date: March 1, 2024

AUDITOR

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CORRECTIVE ACTION PLAN

FINDING 2022-004

Contact Person Responsible for Corrective Action: Auditor Kristina Berish
Contact Phone Number: 765-653-5513

Views of Responsible Officials: Concur with audit finding.

Description of Corrective Action Plan: Payroll vouchers, there were 8 vouchers of 26 tested that did not have the department head signatures on them. It was the premium pay vouchers. The payroll deputy had been instructed after the 2021 audit to make sure all timesheets and payroll vouchers were signed.

Corrective action is that this deputy is no longer employed. We now have a Payroll Deputy and a Human Resources Deputy who after each payroll look at all the timesheets and payroll vouchers to make sure they are signed. They both must sign off on it verifying they were reviewed for compliance.

The following was an internal control issue pertaining to the period of performance requirement. The premium pay was not set up as a separate pay record for all the employees eligible to receive it. It was done as an adjustment to add the pay along with their regular paycheck. Felt it was an unnecessary amount of time to set up a separate pay record for one check. However, in doing it this way there was not a way to separate the matching taxes and PERF for the premium pay so there was an adjustment made after the payroll so it would be paid from the ARPA funds. There is a report that was ran and printed. It was shown to the audit team showing how the adjustments amount were generated in the payroll program.

AUDITOR

Chief Deputy Auditor went into our financial program to make the adjustments. We were unaware that since this is Federal monies, we needed to have something besides a verbal discussion on how to make the adjustments and the corresponding report.

Corrective Action is in the future if any such adjustments need to be made there will be a verbal understanding of what needs to be done, reports, and something in writing between two employees in the Auditor's Office stating who, what and why adjustments are being made. And someone signed off that they reviewed the adjustments after they were made.

Anticipated Completion Date: March 1, 2024

AUDITOR

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CORRECTIVE ACTION PLAN

FINDING 2022-005

Contact Person Responsible for Corrective Action: Commissioners: Thomas Helmer, David Berry and Ricky Woodall

Contact Phone Number: T. Helmer 765-795-4035, D. Berry 765-522-1775,
R. Woodall 765-653-3757

Views of Responsible Officials: Concur with audit finding.

Description of Corrective Action Plan: The Board of Commissioners and County Council met with and hired Barnes & Thornburg. The county thought the contract with them covered the original plan for the county and to help the county navigate the process of what needed to be done regarding the ARPA funds. The company never advised the county of the verification process to make sure contractors and subrecipients are not suspended, debarred, or otherwise excluded.

To implement a debarment and suspension certification that would need to be signed by each vendor and Board of Commissioners. This would be for any vendor over the 25K threshold for the year. County Attorney will draw up the certification and issue to each vendor, sending notice to the Commissioners and the Auditor's Office. Both the County Attorney and the Auditor's Office will have a list of vendors that certifications are needed. Once completed the certification will be checked off and housed in the Auditor's Office.

AUDITOR

*Putnam County Auditor
1 West Washington Street, Room20
(765)653-5513
auditor@co.putnam.in.us
co.putnam.in.us*

CORRECTIVE ACTION PLAN

FINDING 2022-006

Contact Person Responsible for Corrective Action: Commissioners: Thomas Helmer, David Berry and Ricky Woodall

Contact Phone Number: T. Helmer 765-795-4035, D. Berry 765-522-1775,
R. Woodall 765-653-3757

Views of Responsible Officials: Concur with audit finding.

Description of Corrective Action Plan: this was the first (for current officers) time getting this large of funds and jumping through all the necessary hoops and the county did not have anything in place prior to go off on how to proceed from start to finish. The county hired Barnes & Thornburg with the impression they would be walking us through the entire process and helping with all the reports. Commissioner Woodall had volunteered to be the county's designee on handling all the reports necessary to do with the ARPA funds. He did them with the help he would receive from telephone calls with Barnes & Thornburg and the State.

The county is going to hire someone (or an accounting firm) to start doing the reports and to make sure the county is complying with what needs to be done. Then, two county employees will have a review process to make sure the proper steps are being followed and the figures being turned in match what the county is showing has been receipted in and disbursed for each quarter and annually.

Anticipated Completion Date: March 1, 2024

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/>.