

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

WHITE COUNTY, INDIANA

January 1, 2022 to December 31, 2022



FILED

08/21/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Gayle E. Rogers Elizabeth J. Billue	01-01-22 to 12-31-22 01-01-23 to 12-31-23
County Treasurer	Barbara Nydegger	01-01-22 to 12-31-23
Clerk of the Circuit Court	Laura Cosgray	01-01-22 to 12-31-23
County Sheriff	William Brooks	01-01-22 to 12-31-23
County Recorder	Lori Austin	01-01-22 to 12-31-23
President of the Board of County Commissioners	David Diener Steve Burton	01-01-22 to 12-31-22 01-01-23 to 12-31-23
President of the County Council	Raymond L. Kramer, Jr.	01-01-22 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 WHITE 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 White 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 item 2022-001, 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 2022-001.

White 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 WHITE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited White 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 Each of the Other Major Federal Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs 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 2022-004 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

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance finding 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 2022-002, 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

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.

WHITE 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 Commerce					
Economic Development Cluster					
Economic Adjustment Assistance	Direct	11.307			
USDA WWTP 11.307 Wolcott			06-79-06171	\$ -	\$ 1,565,106
Total - Economic Development Cluster				-	1,565,106
Total - Department of Commerce				-	1,565,106
Department of Transportation					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Bridge Inspection			DES 1592166	-	12,247
Bridge 95 Repair			DES 1600927	-	83,977
20.205 FHWA DES 1702835			DES 1702835	-	136,632
Bridge 315			DES 1802935	-	38,021
Bridge 89 1902807 20.205			DES 1902807	-	45,590
Bridge 240			DES 2003032	-	61,517
Bridge 180			DES 2003033	-	62,586
Total - Highway Planning and Construction				-	440,570
Total - Highway Planning and Construction Cluster				-	440,570
Airport Improvement Program, COVID-19 - Airports Programs, and Infrastructure Investment and Jobs Act Programs	Direct	20.106			
Airport Entitlement Obstruction Removal			3-18-0057-018-2018	-	34,937
Airport 20.106 Rd Relocate			3-18-0057-019-2019	-	30,773
FY21 Road 225 S Const			3-18-0057-022-2021	-	1,117,080
Total - Airport Improvement Program, COVID-19 - Airports Programs, and Infrastructure Investment and Jobs Act Programs				-	1,182,790
Formula Grants for Rural Areas and Tribal Transit Program	Indiana Department of Transportation	20.509			
Council On Aging			FY21	-	266,135
Total - Department of Transportation				-	1,889,495
Department of the Treasury					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Direct	21.027			
ARP Grant Fund			FY 2022	-	1,354,202
Total - Department of the Treasury				-	1,354,202

WHITE 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 Health and Human Services</u>					
Public Health Emergency Preparedness 93.069 PHEP Cooperative Agreement	Indiana State Department of Health	93.069	FY2022	-	24,964
Immunization Cooperative Agreements COVID Vaccine Insurance Reimbursement COVID Clinic	Indiana State Department of Health	93.268	53497 52940	- -	49,848 7,297
Total - Immunization Cooperative Agreements				-	57,145
Child Support Enforcement Prosecutor Incentive 4D Title 4D Incentive General Child Support Enforcement Child Support Clerk Incentive	Indiana Department of Child Services	93.563	FY2022 FY2022 FY2022 FY2022	- - - -	39,758 10,747 132,551 6,818
Total - Child Support Enforcement				-	189,874
Opioid STR Addictions Response Jail Navigator	Indiana Supreme Court	93.788	20-5JC89-C91-038	-	53,762
Total - Department of Health and Human Services				-	325,745
<u>Department of Homeland Security</u>					
Boating Safety Financial Assistance Marine Patrol Grant	Indiana Department of Natural Resources	97.012	EDS E11-17-86-006	-	7,918
Emergency Management Performance Grants EMA EMPG FFY21 EMPG - Salaries	Indiana Department of Homeland Security	97.042	EMC-2021-EP-00004 EMC-2022-EP-00005	- -	35,000 32,828
Total - Emergency Management Performance Grants				-	67,828
Total - Department of Homeland Security				-	75,746
Total federal awards expended				\$ -	\$ 5,210,294

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

WHITE 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.

WHITE 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
20.106	Economic Development Cluster Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	Unmodified
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Unmodified 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
Audit Findings: Material Weakness, Noncompliance

Condition and Context

There were deficiencies in the internal control system of the County related to financial transactions and reporting.

WHITE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Financial Statement

The County had not established internal controls over the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's financial statement.

The County failed to properly review the financial information prepared and submitted in Gateway. One employee prepared, entered, and submitted the financial information in Gateway with no oversight or review process in place to prevent, or detect and correct, errors on the financial statement.

Due to the lack of internal controls, the financial statement presented for audit included the following errors:

1. The Clerk's Trust Fund, Sheriff Inmate Trust, Sheriff Commissary, and Treasurer After Settlement Collections funds were not included in the Gateway submission resulting in beginning cash and investments, receipts, disbursements, and ending cash and investments being understated by \$1,680,229, \$3,910,806, \$3,823,077, and \$1,767,958, respectively. These funds are not maintained on the County Auditor's (Auditor) ledger, but are included by the Auditor based on the Supplemental Annual Financial Report, due by January 20, provided by each department for inclusion in the Gateway submission.
2. The Solid Waste Operating fund was listed twice on the financial statement that overstated beginning and ending cash and investments by \$5,933,378.
3. The USDA WWTP 11.307 Wolcott fund included receipts that were received on December 31, 2021, and were included in the prior financial statement. As a result, the beginning cash and investments balance and receipts were each overstated by \$1,108,085.

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

Receipts

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 related to receipts.

The County had internal controls in place to ensure the amount received was recorded; however, the County had not designed or implemented internal controls to ensure receipts were recorded in the proper fund.

Adjustments to Receipts and Disbursements

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 adjustments to receipts and disbursements.

Adjustments are changes to the financial records by journal entry or transfer to correct or better align the accounting records. Adjustments are made to make a correction to a recorded amount, to correct a fund, to transfer between funds among other things. All documentation related to the adjustment must be maintained to support the change.

WHITE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The County had not established internal controls to ensure adjustments were properly recorded. One employee recorded the adjustment without an oversight or review process in place.

Based on a sample of 17 adjustments, which included corrections to the recorded fund and transferring the County portion of property taxes to the appropriate fund, 15 did not have adequate supporting documentation. The 2 that did have adequate supporting documentation were related to the County portion of property taxes. The other 15 included a note, entered by the employee that made the adjustment, on the entry as to what the correction was for; however, no additional documentation was maintained.

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](#)."

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Cause

Management had not established a proper system of internal controls that would have ensured proper reporting of the financial statement. In addition, a proper system of internal controls over receipts and adjustments to receipts and disbursements, which would include segregation of key activities, was not designed, or implemented by management of the County to ensure proper financial close and reporting.

WHITE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

Without a proper system of internal controls in place that operated effectively, misstatements or irregularities remained undetected. The financial statement included the errors identified in the *Condition and Context*.

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, errors in receipts and adjustments to receipts and disbursements.

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 2022-002

Subject: Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs - Special Tests and Provisions - Wage Rate Requirements

Federal Agency: Department of Transportation

Federal Programs: Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs

Assistance Listings Number: 20.106

Federal Award Numbers and Years (or Other Identifying Numbers): 3-18-0057-018-2018,
3-18-0057-019-2019,
3-18-0057-022-2021

Compliance Requirement: Special Tests and Provisions - Wage Rate Requirements

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, noncompliance related to the grant agreement and the Special Tests and Provisions - Wage Rate Requirements compliance requirement.

All laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (DOL).

Nonfederal entities shall include in their construction contracts subject to the Wage Rate Requirements a provision that the contractor or subcontractor comply with those requirements and the DOL regulations. This includes a requirement for the contractor or subcontractor to submit to the non-federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).

The County had implemented procedures to ensure the applicable wage rate requirements were included in the contract, but had not designed or implemented adequate policies or procedures to ensure that contractors or subcontractors submitted certified payrolls weekly. Though the County contracted with a third-party administrator to help oversee the grant and received the certified payrolls there was no review or approval process in place at the County to ensure that certified payrolls were received each week.

WHITE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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). . . ."

Cause

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

Effect

Without the proper design or implementation of the components of a system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance.

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, including policies and procedures that would provide segregation of duties, to ensure appropriate reviews, approvals, and oversight are taking place to ensure certified payrolls are obtained.

Views of Responsible Officials

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

WHITE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2022-003

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery
Funds - Reporting and 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): FY 2022
Compliance Requirements: Reporting and Period of Performance
Audit Finding: Material Weakness

Condition and Context

Reporting

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 was classified as a county with a population below 250,000 residents that was allocated less than \$10 million in state and Local Fiscal Recovery Funds funding. As such, the initial P&E report, covering 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 year from April 1 to March 31 and must be submitted to the Treasury by April 30 each year.

The County submitted the P&E report by April 30, 2022, as required; however, a single employee prepared and submitted the P&E report without a review or oversight process in place to prevent, or detect and correct, errors.

Period of Performance

Prior to receipt of State and Local Fiscal Recovery Funds (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.

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.

The County had recorded adjustments to the ARP Grant Fund (SLFRF fund) to pay other departments for costs incurred for work performed. One employee made the adjustments to the SLFRF fund without a review or oversight process in place to prevent, or detect and correct, errors.

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

WHITE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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). . . ."

Cause

A proper system of internal controls, which would include segregation of key functions, was not designed by management of the County to ensure the County provided the Treasury with complete and accurate information related to the SLFRF awards. In addition, a proper system of internal controls over the adjustments to the SLFRF awards was not designed by management to ensure expenses incurred were within the specified time period. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the County's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

Effect

Without the proper design or implementation of the components of a system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance.

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, including policies and procedures that would provide segregation of duties to ensure appropriate reviews, approvals, and oversight are taking place to ensure reports are complete and accurate and adjustments are incurred within the specified time period.

Views of Responsible Officials

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

WHITE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2022-004

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): FY 2022
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 \$4,681,531 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.

Prior to entering into subawards and covered transactions with federal award funds, recipients are required to verify that such contracts 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 three covered transactions for goods or services that equaled or exceeded \$25,000 paid from SLFRF funds during the audit period were identified. The three contracts totaled \$3,103,878, with payments totaling \$1,289,929 during 2022. 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.

WHITE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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). . . ."

2 CFR 200.214 states:

"Non-federal entities and contractors are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. The regulations in 2 CFR part 180 restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities."

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:

- (c) 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 or implemented, which includes segregation of key functions, by management of the County to ensure that policies and procedures were in place related to suspension and debarment. 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 or the federal award could result in the loss of future federal funding to the County.

WHITE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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.

AUDITEE-PREPARED DOCUMENTS

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



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White County Auditor

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-001 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2021

Status of Audit Finding: Corrected

1. The understatement of expenditures in error #1 was caused by extremely late notification of the electronic receipt of funds at our bank by the Treasurer. The funds were received into our bank account in December 2021, but were not reported to the Auditor prior to the close of the year. The Auditor was unable to enter the receipted funds into the correct year as a result. This has been corrected by authorizing "view only" access by the Auditor to the county's bank account. This allows multiple offices and staff to be able to acknowledge electronic receipt of funds and has eliminated the potential for this error to occur again. The Auditor checks for electronic banking deposits daily.
2. The Auditor and an Auditor Deputy review each entry on the SEFA individually to check for discrepancies and/or errors in reporting of expenditures and receipts. Each signs off on the SEFA when the review is complete.
3. The Auditor and an Auditor Deputy review each entry on the SEFA individually to check for discrepancies and/or errors in reporting of program names, Assistance Listings Numbers, pass-through entities, and identifying numbers. Each signs off on the SEFA when the review is complete. Improvement has already been demonstrated through a brief review of the 2022 SEFA.

Respectfully,

Elizabeth J Billue
White County Auditor



Elizabeth J. Billue

White County Auditor

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-002 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2021

Status of Audit Finding: Corrected

The third party grant administrator now provides the Auditor with the Quarterly Performance Reports. The grant in question is now closed. Beginning July 2023, all future grants which include Wage Rate Requirements & Reporting, will include the oversight of the Auditor.

Respectfully,

Elizabeth J Billue
White County Auditor



Elizabeth J. Billue

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CORRECTIVE ACTION PLAN

FINDING 2022-001

Contact Person Responsible for Corrective Action: Elizabeth J Billue

Contact Phone Number: 574-583-1515

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

To prevent future errors in reporting on the Annual Financial Report, an Auditor's Deputy will review the report for accuracy and completion prior to timely submission of the AFR in Gateway.

All receipts and adjustments to receipts and disbursements completed in the Auditor's Office are now reviewed for accuracy and initial/dated by a second Auditor Office staff member. In addition, a note will be made within our financial system records and all available supporting documentation will be attached/scanned as part of the permanent record of adjustments to receipts and disbursements.

A new electronic storage system is under consideration for ease of access to adjustment documentation.

Anticipated Completion Date: 07/01/2023



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CORRECTIVE ACTION PLAN

FINDING 2022-002

Contact Person Responsible for Corrective Action: Elizabeth J Billue

Contact Phone Number: 574-583-1515

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

For all current and future federal grants, the Auditor's office will notify the responsible County Department and any Grant Management Contractor in writing to encourage increased communication between Grant-connected entities. This notice will include a specific request for all financial and wage reports to be submitted for review, approval and oversight by the County throughout the timespan of the Grant project.

Ideally, a form letter will be drafted that will include multiple items to note responsibility for reporting to the County that will be used for all federal grant awards managed by entities other than the County.

Anticipated Completion Date: 12/31/23



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CORRECTIVE ACTION PLAN

FINDING 2022-003

Contact Person Responsible for Corrective Action: Elizabeth J Billue

Contact Phone Number: 574-583-1515

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

All future reporting of the COVID-19 Coronavirus State and Local Fiscal Recovery Funds will be reviewed for accuracy by a second Auditor staff member prior to submission. The report will be signed/dated by both the preparer and the reviewer.

To prevent future errors in reporting of these grant funds, the preparer will have an Auditor's Deputy review the reports for accuracy and completion prior to submission.

All grant receipts and adjustments to grant related receipts and disbursements completed in the Auditor's Office are now reviewed for accuracy and initial/dated by a second Auditor Office staff member. In addition, a note will be made within our financial system records and all available supporting documentation will be attached/scanned as part of the permanent record of adjustments to receipts and disbursements.

A new electronic storage system is under consideration for ease of access to adjustment documentation.

Anticipated Completion Date: 4/30/24



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CORRECTIVE ACTION PLAN

FINDING 2022-004

Contact Person Responsible for Corrective Action: Elizabeth J Billue

Contact Phone Number: 574-583-1515

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

All current and future federal grant funding recipients/contractors will be searched for their suspension & debarment status on SAM.gov. If the contractor is not registered through SAM.gov a form will be created for use by the Auditor's office, as well as any County office, requesting verification from the contractor and/or subrecipient of their standing in regards to suspension, debarment, or any other reason that would exclude them from entering into a contract or subaward.

Anticipated Completion Date: 12/31/23

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/>.