

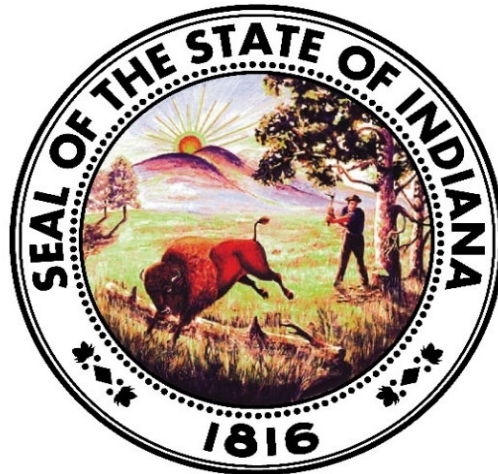
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

FEDERAL COMPLIANCE AUDIT REPORT

OF

HARRISON COUNTY, INDIANA

January 1, 2022 to December 31, 2022



**FILED**

08/23/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Chad Shireman	01-01-22 to 12-31-23
County Treasurer	Debbie Dones Christa Day	01-01-22 to 12-31-22 01-01-23 to 12-31-23
Clerk of the Circuit Court	Sherry Brown	01-01-22 to 12-31-23
County Sheriff	Nicholas Smith	01-01-22 to 12-31-23
County Recorder	Debbie Dennison	01-01-22 to 12-31-23
President of the Board of County Commissioners	Charlie Crawford Nelson Stepro	01-01-22 to 12-31-22 01-01-23 to 12-31-23
President of the County Council	Donald Hussung	01-01-22 to 12-31-23
Superintendent of Parks	Larry Shickles	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 HARRISON 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 Harrison County (County), for the year ended December 31, 2022, and the related notes to the financial statement, which collectively comprise the County's financial statement and have issued our report thereon dated August 8, 2023, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Report on Internal Control over Financial Reporting***

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

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

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

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

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001.

***Harrison 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 HARRISON COUNTY, INDIANA

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

***Qualified and Unmodified Opinions***

We have audited Harrison 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 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 Formula Grants for Rural Areas and Tribal Transit Program***

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 Formula Grants for Rural Areas and Tribal Transit Program for the year ended December 31, 2022.

***Unmodified Opinion on the Other Major Federal Program***

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

**Basis for Qualified and Unmodified Opinions**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

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

*Matter Giving Rise to Qualified Opinion on Formula Grants for Rural Areas and Tribal Transit Program*

As described in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding 20.509 Formula Grants for Rural Areas and Tribal Transit Program, as described in item 2022-004 for Subrecipient Monitoring. Compliance with such requirement is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

**Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The County's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2022-003 and 2022-004, to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* require the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statement of the County, as of and for the year ended December 31, 2022, and the related notes to the financial statement. We issued our report thereon dated August 8, 2023, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.



Beth Kelley, CPA, CFE  
Deputy State Examiner

August 8, 2023

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.

HARRISON 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 Justice</u>					
Equitable Sharing Program Sheriff Asset Forfeiture	Direct Grant	16.922	2022	\$ -	\$ 83,712
Total - Department of Justice				-	83,712
<u>Department of Transportation</u>					
<u>Federal Transit Cluster</u>					
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs 5311 Operating Assistance	Indiana Department of Transportation	20.526	EDS#A249-22-G210124	54,513	54,513
Total - Federal Transit Cluster				54,513	54,513
<u>Highway Planning and Construction Cluster</u>					
<u>Highway Planning and Construction</u>					
Riverboat	Indiana Department of Transportation	20.205	DES 1702960	-	268,391
Cumulative Bridge			DES. 2002982	-	41,086
Cumulative Bridge			DES. 2002990	-	26,427
Total - Highway Planning and Construction				-	335,904
Total - Highway Planning and Construction Cluster				-	335,904
<u>COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program</u>					
2021 5311 Transportation	Indiana Department of Transportation	20.509	EDS#A249-20-G20032	361,526	361,526
2022 5311 Transportation Grant			EDS#A249-22-G210088	136,094	136,094
5311 Emergency Relief ARP			EDS#A249-22-G210088	37,608	37,608
Subtotal - COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program				535,228	535,228
<u>Formula Grants for Rural Areas and Tribal Transit Program</u>					
2022 5311 Transportation Grant	Indiana Department of Transportation	20.509	EDS#A249-22-G210088	103,518	103,518
5311 Operating Assistance			EDS#A249-22-G210124	25,325	25,325
Subtotal - Formula Grants for Rural Areas and Tribal Transit Program				128,843	128,843
Total - Formula Grants for Rural Areas and Tribal Transit Program				664,071	664,071
Total - Department of Transportation				718,584	1,054,488
<u>Department of the Treasury</u>					
<u>COVID-19 - Coronavirus State and Local Fiscal Recovery Funds</u>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Direct Grant	21.027	FY 2022	-	642,827
Total - Department of the Treasury				-	642,827
<u>Department of Health and Human Services</u>					
<u>Public Health Emergency Preparedness</u>					
21/22 PHEP	Indiana State Department of Health	93.069	6NU90TP922052	-	31,094
<u>COVID-19 - Immunization Cooperative Agreements</u>					
Immunization/Vacc. 2021-2022	Indiana State Department of Health	93.268	Contract# 53341	-	53,512

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) Covid Testing Site	Indiana State Department of Health	93.323	NU90TP922179 Contract#56393	-	89,300
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response Public Health Emergency Response 2022 Covid-19 Testing Site	Indiana State Department of Health	93.354	EMC-2021-EP-00004 NU90TP922179 Contract#64835	- -	1,000 2,573
Total - COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response				-	3,573
Child Support Enforcement Prosecutor Incentive Clerk Incentive Child Support - IV-D Monthly Claims Child Support - IV-D Monthly Claims - Clerk Child Support - IV-D Monthly Claims - Court Child Support - indirect cost	Indiana Department of Child Services	93.563	2019-JF-FX-0058 IV_D IV-D IV-D IV-D IV-D	- - - - - -	37,769 7,256 156,693 37,734 5,279 46,171
Total - Child Support Enforcement				-	290,902
Foster Care Title IV-E Foster Care Title IV-E	Indiana Public Defenders Commission	93.658	025IVEFCADM_F23	-	1,907
Opioid STR Opioid Response Opioid Response 2021 SIM Grant-5JC89-C31-4-1 Opioid Response 2022	Indiana Supreme Court	93.788	20-5JC89-C31-066 21-5JC89-C31-001 23-5JC89-C31-4-1 grant#22-5JC89-C31-001	- - - -	21,702 18,890 79 51,027
Total - Opioid STR				-	91,698
Maternal and Child Health Services Block Grant to the States Title V-2021-2023	Indiana State Department of Health	93.994	award#B04MC30611 contract#56930	-	33,311
Total - Department of Health and Human Services				-	595,297
<b>Department of Homeland Security</b>					
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) FEMA	Indiana Department of Homeland Security	97.036	385PA4515000000	-	170,767
Emergency Management Performance Grants 2021 EMPG - Salary	Indiana Department of Homeland Security	97.042	EMC-2021-EP-00004	-	33,215
Total - Department of Homeland Security				-	203,982
Total federal awards expended				<u>\$ 718,584</u>	<u>\$ 2,580,306</u>

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

HARRISON 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.

HARRISON 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
20.509	Formula Grants for Rural Areas and Tribal Transit Program	Qualified
21.027	COVID-19 - State and Local Fiscal Recovery Funds	Unmodified

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.

HARRISON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition and Context*

The County had not established internal controls over the federal award information entered in the Indiana Gateway for Government Units financial reporting system, which was the source of the County's Schedule of Expenditures of Federal Awards (SEFA). No evidence was presented for audit that indicated someone other than the person entering the federal grant information reviewed the information for completeness and accuracy.

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

1. The COVID-19 - Coronavirus State and Local Fiscal Recovery Funds expenditures were omitted, which understated expenditures by \$642,827.
2. The COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) expenditures were omitted, which understated expenditures by \$170,767.
3. The COVID-19 - Coronavirus Relief Fund expenditures were overstated \$139,664.
4. Several grants had individually immaterial errors that resulted in misstatements of expenditures of \$287,727, in total.
5. Other errors included incorrect pass-through entity names, program names, 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. . . ."

HARRISON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control . . ."

2 CFR 200.1 states in part:

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

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

2 CFR 200.508 states in part:

"The auditee must: . . .

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

HARRISON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414."

*Cause*

Management of the County had not established a system of internal controls that would have ensured proper reporting of the SEFA. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the County's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

*Effect*

Without 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 misstatements. As such material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

*Views of Responsible Officials*

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

**FINDING 2022-002**

Subject: Financial Transactions and Reporting  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2021-002.

*Condition and Context*

The County had not established effective 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 Auditor prepared and submitted the financial information in Gateway without an oversight or review process in place to prevent, or detect and correct, errors on the financial statement.

HARRISON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

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

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

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

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

*Cause*

A proper system of internal controls was not designed by management of the County, which would include segregation of duties. 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 misstatements.

*Views of Responsible Officials*

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

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

**FINDING 2022-003**

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - 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): FY 2022  
Compliance Requirement: Reporting  
Audit Findings: Material Weakness, Other Matters

HARRISON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Repeat Finding*

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

*Condition and Context*

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

The County was classified as a Tier 5 (Metropolitan cities and counties with a population below 250,000 residents which received less than \$10 million in Coronavirus State and Local Fiscal Recovery Funds) recipient. As such, the initial P&E report, covering from March 3, 2021 to March 31, 2022, was required to be submitted to the Treasury by April 30, 2022. The subsequent annual reports were to cover one calendar year and must be submitted to the Treasury by April 30.

The County submitted one annual P&E report during the audit period. The report was prepared by the County Auditor and reviewed and certified by a designated County Commissioner; however, the review process in place was not effective and did not prevent or detect and correct errors. As a result, \$0 was reported as the current expenditures and current obligations, when in fact there were current expenditures and current obligations of \$639,824.

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). . . ."

*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, compliance financial data, in accordance with appropriate accounting standards and principles. . . ."

HARRISON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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 accounting of the uses of funds, . . ."

*Cause*

A proper system of internal controls over the P&E report was not designed by management of the County. 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. 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 State and Local Fiscal Recovery Funds 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 ensure appropriate reviews, approvals, and oversight are taking place. Additionally, management should develop policies and procedures to ensure that the County provides the Treasury with complete and accurate information for the P&E report.

*Views of Responsible Officials*

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

**FINDING 2022-004**

Subject: Formula Grants for Rural Areas and Tribal Transit Program - Subrecipient Monitoring

Federal Agency: Department of Transportation

Federal Programs: COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program,  
Formula Grants for Rural Areas and Tribal Transit Program

Assistance Listings Number: 20.509

Federal Award Numbers and Years (or Other Identifying Numbers): EDS#A249-20-G20032,  
EDS#A249-22-G210088,  
EDS#A249-22-G210124

Pass-Through Entity: Indiana Department of Transportation

Compliance Requirement: Subrecipient Monitoring

Audit Findings: Material Weakness, Modified Opinion

HARRISON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition and Context*

The County had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, material noncompliance related to the Formula Grants for Rural Areas and Tribal Transit Program funds (Transit program) passed through to a subrecipient.

The County received and passed through to a subrecipient \$664,071 in Transit program funds. The County is to clearly identify the award and applicable requirements to the subrecipient, evaluate the risk of noncompliance related to the subrecipient to determine appropriate monitoring of the subaward, and monitor the activities of the subrecipient to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals.

As part of managing the award, the County is to evaluate the subrecipients risk of noncompliance to determine the extent of monitoring. Such factors to consider would include the subrecipients prior experience with the award or similar awards, results of previous audits, any personnel or system changes at the subrecipient, and the extent and results of federal reviews. Based on the results of the County's risk of noncompliance evaluation, the extent of monitoring can be determined. Monitoring activities include, but are not limited to, reviewing financial and performance reports, ensuring audits are obtained as required, follow-up to ensure appropriate action was taken on deficiencies identified during an audit, issuing management decisions for applicable findings related to the federal award, and ensuring audit findings related to the subaward are resolved.

The County did not have any policies or procedures in place to evaluate the subrecipient's risk of noncompliance or to monitor the activity of the subrecipient. Per inquiry of the County, it was determined an evaluation of the risk of noncompliance for the subrecipient was not completed, nor did the subrecipient's files support any such evaluation. In addition, while the subrecipient provided reimbursement requests, the requests did not include sufficient evidence for the County to ascertain if the subrecipient was complying with the grant requirements. The County also did not request or review the subrecipient's audit or monitoring reports to identify any potential noncompliance, determine if management decisions were needed, or if any issues identified were properly resolved.

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). . . ."

HARRISON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.332 **Requirements for pass-through entities.**  
(Revised Uniform Guidance) states in part:

"All pass-through entities must: . . .

(b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:

- (1) The subrecipient's prior experience with the same or similar subawards;
- (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F of this part, and the extent to which the same or similar subaward has been audited as a major program;
- (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
- (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

(c) Consider imposing specific subaward conditions upon a subrecipient if appropriate as described in § 200.208.

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

- (1) Reviewing financial and performance reports required by the pass-through entity.
- (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit Findings related to the particular subaward.
- (3) Issuing a management decision for applicable audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521.

HARRISON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (4) The pass-through entity is responsible for resolving audit findings specifically related to the subaward and not responsible for resolving cross-cutting findings. If a subrecipient has a current Single Audit report posted in the Federal Audit Clearinghouse and has not otherwise been excluded from receipt of Federal funding (e.g., has been debarred or suspended), the pass-through entity may rely on the subrecipient's cognizant audit agency or cognizant oversight agency to perform audit follow-up and make management decisions related to cross-cutting findings in accordance with section § 200.513(a)(3)(vii). Such reliance does not eliminate the responsibility of the pass-through entity to issue subawards that conform to agency and award-specific requirements, to manage risk through ongoing subaward monitoring, and to monitor the status of the findings that are specifically related to the subaward.
- (e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:
- (1) Providing subrecipients with training and technical assistance on program-related matters; and
  - (2) Performing on-site reviews of the subrecipient's program operations;
  - (3) Arranging for agreed-upon-procedures engagements as described in § 200.425.
- (f) Verify that every subrecipient is audited as required by Subpart F of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501.
- (g) Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.
- (h) Consider taking enforcement action against noncompliant subrecipients as described in § 200.339 of this part and in program regulations."

2 CFR 200.521 **Management decision** (Revised Uniform Guidance) states:

"(a) *General.* The management decision must clearly state whether or not the audit finding is sustained, the reasons for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments, or take other action. If the auditee has not completed corrective action, a timetable for follow-up should be given. Prior to issuing the management decision, the Federal agency or pass-through entity may request additional information or documentation from the auditee, including a request for auditor assurance related to the documentation, as a way of mitigating disallowed costs. The management decision should describe any appeal process available to the auditee. While not required, the Federal agency or pass-through entity may also issue a management decision on findings relating to the financial statements which are required to be reported in accordance with GAGAS.

(b) *Federal agency.* As provided in § 200.513(a)(3)(vii), the cognizant agency for audit must be responsible for coordinating a management decision for audit findings that affect the programs of more than one Federal agency. As provided in § 200.513(c)(3)(i), a Federal awarding agency is responsible for issuing a management decision for findings that relate to Federal awards it makes to non-Federal entities.

HARRISON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

(c) *Pass-through entity.* As provided in § 200.332(d), the pass-through entity must be responsible for issuing a management decision for audit findings that relate to Federal awards it makes to subrecipients.

(d) *Time requirements.* The Federal awarding agency or pass-through entity responsible for issuing a management decision must do so within six months of acceptance of the audit report by the FAC. The auditee must initiate and proceed with corrective action as rapidly as possible and corrective action should begin no later than upon receipt of the audit report.

(e) *Reference numbers.* Management decisions must include the reference numbers the auditor assigned to each audit finding in accordance with § 200.516(c)."

2 CFR 200.331 **Requirements for pass-through entities.** (Uniform Guidance) states in part:

"All past-through entities must: . . .

(b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:

- (1) The subrecipient's prior experience with the same or similar subawards;
- (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;
- (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
- (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

(c) Consider imposing specific subaward conditions upon a subrecipient if appropriate as described in § 200.207 Specific conditions.

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

- (1) Reviewing financial and performance reports required by the pass-through entity.
- (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.
- (3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521 Management decision.

HARRISON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

(e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

- (1) Providing subrecipients with training and technical assistance on program-related matters; and
- (2) Performing on-site reviews of the subrecipient's program operations;
- (3) Arranging for agreed-upon-procedures engagements as described in § 200.425 Audit services.

(f) Verify that every subrecipient is audited as required by Subpart F Audit Requirements of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501 Audit requirements.

(g) Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.

(h) Consider taking enforcement action against noncompliant subrecipients as described in § 200.338 Remedies for noncompliance of this part and in program regulations."

2 CFR 200.521 **Management decision.** (Uniform Guidance) states:

"(a) *General.* The management decision must clearly state whether or not the audit finding is sustained, the reasons for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments, or take other action. If the auditee has not completed corrective action, a timetable for follow-up should be given. Prior to issuing the management decision, the Federal agency or pass-through entity may request additional information or documentation from the auditee, including a request for auditor assurance related to the documentation, as a way of mitigating disallowed costs. The management decision should describe any appeal process available to the auditee. While not required, the Federal agency or pass-through entity may also issue a management decision on findings relating to the financial statements which are required to be reported in accordance with GAGAS.

(b) *Federal agency.* As provided in § 200.513 Responsibilities, paragraph (a)(7), the cognizant agency for audit must be responsible for coordinating a management decision for audit findings that affect the programs of more than one Federal agency. As provided in § 200.513 Responsibilities, paragraph (c)(3), a Federal awarding agency is responsible for issuing a management decision for findings that relate to Federal awards it makes to non-Federal entities.

(c) *Pass-through entity.* As provided in § 200.331 Requirements for pass-through entities, paragraph (d), the pass-through entity must be responsible for issuing a management decision for audit findings that relate to Federal awards it makes to subrecipients.

(d) *Time requirements.* The Federal awarding agency or pass-through entity responsible for issuing a management decision must do so within six months of acceptance of the audit report by the FAC. The auditee must initiate and proceed with corrective action as rapidly as possible and corrective action should begin no later than upon receipt of the audit report.

HARRISON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

(e) *Reference numbers.* Management decisions must include the reference numbers the auditor assigned to each audit finding in accordance with § 200.516 Audit findings paragraph (c)."

*Cause*

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

*Effect*

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, the County did not properly evaluate the subrecipients risk of noncompliance or adequately monitor the subrecipient.

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 implement a proper system of internal controls, including segregation of duties, to evaluate the subrecipients risk of noncompliance and adequately monitor the subrecipient. Additionally, policies and procedures should be implemented to ensure appropriate reviews, approvals, and oversight are taking place, as needed, to evaluate and monitor its subrecipient.

*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.

HARRISON COUNTY AUDITOR  
245 ATWOOD STREET STE. 211  
CORYDON, INDIANA 47112  
(812) 738-8241

Summary Schedule of Prior Audit Findings

Finding 2021-001

Fiscal Year in which the finding initially occurred: 2013

Status of Audit Finding:

The corrections for the prior audit finding are still in progress. Modifications have been made to how grant recordkeeping is conducted within the auditor's office. The county auditor entered all grant information into the SEFA, but the data wasn't reviewed prior to submission.

Feedback that will be received at the end of the 2022 fiscal audit will be used to continue revising the recordkeeping for all grants. Once those changes are made, the county auditor will enter the data into next year's SEFA and the accounts receivable employee will review the information for any errors. The timeline for these changes will be the beginning of January through the end of February of 2024, leading into the AFR due date of March 1, 2024.

CHAD SHIREMAN, AUDITOR

HARRISON COUNTY AUDITOR  
245 ATWOOD STREET STE. 211  
CORYDON, INDIANA 47112  
(812) 738-8241

Summary Schedule of Prior Audit Findings

Finding 2021-002

Fiscal Year in which the finding initially occurred: 2021

Status of Audit Finding:

The corrections for the prior audit finding are still in progress. A process was developed and partially implemented in 2020 that allowed a time period for financial information to be reviewed by auditor staff members once the county auditor had entered the information.

All financial data entry will be entered by the second week of February of 2024, allowing for a 2-week time period for review and any necessary changes being made prior to submission on March 1, 2024. The AFR outputs function will be used in order to print hard copies of the reports, with staff making notes, signing off and dating the documents for supporting evidence that the internal controls are taking place.

CHAD SHIREMAN, AUDITOR

HARRISON COUNTY AUDITOR  
245 ATWOOD STREET STE. 211  
CORYDON, INDIANA 47112  
(812) 738-8241

Summary Schedule of Prior Audit Findings

Finding 2021-003

Fiscal Year in which the finding initially occurred: 2021

Status of Audit Finding:

Corrections for the prior audit finding are still in progress. Future reporting will include all data being entered by the county auditor, with staff reviewing the information to identify any errors. The county commissioner president will have final oversight and will submit the report on the county's behalf or will provide written authorization that the review has taken place and for the county auditor to make the final submission.

CHAD SHIREMAN, AUDITOR

HARRISON COUNTY AUDITOR  
245 ATWOOD STREET STE. 211  
CORYDON, INDIANA 47112  
(812) 738-8241

Summary Schedule of Prior Audit Findings

Finding 2021-004

Fiscal Year in which the finding initially occurred: 2021

Status of Audit Finding:

The corrections for the prior audit finding are still in progress. The county auditor will be training accounts payable employees on how to ensure compliance with requirements related to the procurement and suspension and debarment compliance requirements. The auditor's office staff will use SAM.gov and other resources to check the status of vendors with contracts over \$25,000.00.

The county auditor will also be working with the county attorney to create a procurement and suspension and debarment compliance certifying statement to be included in contracts, bid specifications and as a standalone document when necessary. Expected implementation for the auditor's staff review is July 1, 2023 and a certifying statement is expected to be created and implemented by January 1, 2024.

CHAD SHIREMAN, AUDITOR

# HARRISON COUNTY AUDITOR

245 ATWOOD STREET STE. 211  
CORYDON, INDIANA 47112  
(812) 738-8241

## CORRECTIVE ACTION PLAN

### ***FINDING 2022-001***

Contact Person Responsible for Corrective Action: Chad Shireman  
Contact Phone Number: 812-738-8241

Views of Responsible Official: We concur with the finding. Although one employee entered the SEFA information and the county auditor submitted the data, errors were not corrected prior to submission.

Description of Corrective Action Plan: The county will continue to improve upon their internal controls for the SEFA. Once data is entered, the auditor will work alongside the accounts receivable staff member to review information for errors, using previous audit findings to clear up reoccurring issues. All COVID-19 funding sources will also be tracked and included in the SEFA for future submissions.

Anticipated Completion Date: Tracking for COVID-19 grant funding expenditures is already underway. Data entry will begin in January of 2024 once the current year closes and reviews will take place up to the submission due date of March 1, 2024.

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CHAD SHIREMAN, AUDITOR

# HARRISON COUNTY AUDITOR

245 ATWOOD STREET STE. 211  
CORYDON, INDIANA 47112  
(812) 738-8241

## CORRECTIVE ACTION PLAN

### ***FINDING 2022-002***

Contact Person Responsible for Corrective Action: Chad Shireman  
Contact Phone Number: 812-738-8241

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: In the future, the financial transactions and reporting section of the AFR will be subjected to a proper internal controls process. The county auditor will upload all financial information and use the Gateway reports output feature to print hard copies of the data to be reviewed by the accounts payable supervisor. Necessary changes will then be made prior to submission and the internal controls process will be documented for SBOA review during the next audit.

Anticipated Completion Date: The anticipated completion date for this will be March 1, 2024 to coincide with the 2023 AFR due date. The county auditor will upload all financial information in January of 2024, allowing the accounts payable supervisor to review the information and changes to be made in February and final submission to be made by March 1, 2024.

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CHAD SHIREMAN, AUDITOR

# HARRISON COUNTY AUDITOR

245 ATWOOD STREET STE. 211

CORYDON, INDIANA 47112

(812) 738-8241

## CORRECTIVE ACTION PLAN

### ***FINDING 2022-003***

Contact Person Responsible for Corrective Action: Chad Shireman

Contact Phone Number: 812-738-8241

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The county will ensure that internal controls that are currently in place will be modified in order to be effective in preventing, detecting and correcting errors. This will include making sure the county auditor and designated county commissioner are aware of all reporting deadlines and reporting periods covered. Once the county auditor enters expenditure and obligation information, the designated county commissioner will review the data and submit the necessary report(s).

Anticipated Completion Date: This will be completed by September 30, 2023, allowing the county auditor to update the designated county commissioner in the Department of the Treasury's system and inform him of all upcoming report deadlines. This will ensure the effectiveness of existing internal controls.

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CHAD SHIREMAN, AUDITOR

# HARRISON COUNTY AUDITOR

245 ATWOOD STREET STE. 211  
CORYDON, INDIANA 47112  
(812) 738-8241

## CORRECTIVE ACTION PLAN

### ***FINDING 2022-004***

Contact Person Responsible for Corrective Action: Chad Shireman  
Contact Phone Number: 812-738-8241

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The county will be retaining and periodically reviewing the grant application and award to stay current on applicable requirements of the subrecipient in order to ensure compliance. Lines of communication with the subrecipient will be established and maintained to better monitor activities, ensuring that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward and achieves performance goals.

Policies and procedures will be adopted and implemented to allow the county to evaluate the subrecipient's risk of noncompliance. The county will request supporting documentation from the subrecipient when reimbursement requests are made, and this process will be documented in order to provide evidence that it is taking place.

Anticipated Completion Date: The anticipated completion date will be December 31, 2023. This will allow the county and the subrecipient to work together to create the necessary policies and procedures. Once created, the remainder of the year will be used to implement them, allowing the county to evaluate all activities for the entire 2023 audit period that will be under review by SBOA in 2024.

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CHAD SHIREMAN, AUDITOR

## 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/>.