

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

BOONE COUNTY, INDIANA

January 1, 2022 to December 31, 2022



FILED

09/11/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Debbie Morton-Crum	01-01-22 to 12-31-23
County Treasurer	Nikki Baldwin	01-01-22 to 12-31-23
Clerk of the Circuit Court	Jessica Fouts Lisa Bruder	01-01-22 to 12-31-22 01-01-23 to 12-31-23
County Sheriff	Michael Nielsen Tony Harris	01-01-22 to 12-31-22 01-01-23 to 12-31-23
County Recorder	Debbie Ottinger	01-01-22 to 12-31-23
President of the Board of County Commissioners	Jeff Wolfe Don Lawson	01-01-22 to 12-31-22 01-01-23 to 12-31-23
President of the County Council	Elise Nieshalla	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 BOONE 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 Boone 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 24, 2023, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

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

Boone 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 24, 2023



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

TO: THE OFFICIALS OF BOONE COUNTY, INDIANA

Report on Compliance for the Major Federal Program

Qualified Opinion

We have audited Boone 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 program for the year ended December 31, 2022. The County's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

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

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

Basis for Qualified Opinion

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

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

Matters Giving Rise to Qualified Opinion on COVID-19 - 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 - State and Local Fiscal Recovery Funds, as described in items 2022-003 for Procurement and Suspension and Debarment; 2022-004 for Reporting; and 2022-005 for Subrecipient Monitoring. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

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

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2022-002, 2022-003, 2022-004, and 2022-005, to be material weaknesses.

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

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

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

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

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

We have audited the financial statement of the County, as of and for the year ended December 31, 2022, and the related notes to the financial statement. We issued our report thereon dated August 24, 2023, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.



Beth Kelley, CPA, CFE
Deputy State Examiner

August 24, 2023

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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BOONE 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>					
COVID-19 - Coronavirus Emergency Supplemental Funding Program CESF 8903	Indiana Criminal Justice Institute	16.034	2020-VD-BX-0244	\$ -	\$ 16,905
Crime Victim Assistance CRIME VICTIM ASSISTANCE	Indiana Criminal Justice Institute	16.575	VOCA 2022-00238	-	100,108
Violence Against Women Formula Grants STOP DOMESTIC VIOLENCE 9138	Indiana Criminal Justice Institute	16.588	2022-WF-AX-0031	-	30,370
Edward Byrne Memorial Justice Assistance Grant Program BYRNE JAG PROGRAM 9207	Indiana Criminal Justice Institute	16.738	2022-DJ-BX-0007	-	127,954
Total - Department of Justice				-	275,337
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
BOONE COUNTY BRIDGE 41			DES#1600773	-	45,048
BOONE COUNTY BRIDGE 154			DES#18000246	-	15,476
BOONE COUNTY BRIDGE 192			DES#1802833	-	57,533
2021-2024 BRIDGE INSPECTION FUND 9210			DES#1902075	-	184,170
Boone Co Highway Dept 4992			1400219	-	20,346
CR400E/CR100S ROUNDABOUT 9209			DES#2003020	-	37,967
Total - Highway Planning and Construction				-	360,540
Total - Highway Planning and Construction Cluster				-	360,540
Federal Transit Cluster					
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs Transit Authority	Indiana Department of Transportation	20.526	IN-2021-031-00 5339	42,071	42,071
Total - Federal Transit Cluster				42,071	42,071
Highway Safety Cluster					
State and Community Highway Safety BIG CITY/BIG COUNTY 9162	Indiana Criminal Justice Institute	20.600	69A3751930000402INO	-	25,203

BOONE 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
National Priority Safety Programs SAVE	Indiana Criminal Justice Institute	20.616	FY2022-000012	-	28,489
Total - Highway Safety Cluster				-	53,692
COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program TRANSIT 7403	Indiana Department of Transportation	20.509	IN-2022-020-00	227,752	227,752
Formula Grants for Rural Areas and Tribal Transit Program TRANSIT 7403	Indiana Department of Transportation	20.509	IN-2022-020-00	182,556	182,556
Total - Formula Grants for Rural Areas and Tribal Transit Program				410,308	410,308
Minimum Penalties for Repeat Offenders for Driving While Intoxicated DUI TASK FORCE 4011	Indiana Criminal Justice Institute	20.608	69A37519300000164INA	-	28,768
Total - Department of Transportation				452,379	895,379
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds AMERICAN RESCUE PLAN 2021	Direct Grant	21.027	FY 2022	2,503,400	4,922,020
Total - Department of the Treasury				2,503,400	4,922,020
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness PUBLIC HEALTH EMERGENCY PREPAREDNESS 9184	Indiana State Department of Health	93.069	NU90TP922052	-	24,718
Immunization Cooperative Agreements COVID-19 VACCINE CLINIC 9208	Indiana State Department of Health	93.268	NH231P922631	-	89,631
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) COVID TESTING FUND 9211	Indiana State Department of Health	93.323	NU50CK000503	-	54,398
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response SCHOOL RESOURCE GRANT 9214	Indiana State Department of Health	93.354	NU90TP922179, NU50CK000503	-	192,194

BOONE 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
Child Support Enforcement	Indiana Department of Child Services	93.563			
General Fund (Prosecutor Expenditures)			FY2022	-	200,693
General Fund (Circuit Court Expenditures)			FY2022	-	4,487
General Fund (Clerk Expenditures)			FY2022	-	26,221
General Fund (Indirect Cost Reimbursement)			FY2022	-	46,485
Title IV-D Incentive Fund 8895 8897 8899			FY2022	-	56,342
General Fund (Clerk's Record Perpetuation Fund)			FY2022	-	7,521
				<u>-</u>	<u>341,749</u>
Total - Child Support Enforcement				-	341,749
State Court Improvement Program	Indiana Supreme Court	93.586			
CIP Basic Grant Award			FY2022	-	5,000
				<u>-</u>	<u>5,000</u>
Total - Department of Health and Human Services				-	707,690
<u>Department of Homeland Security</u>					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036			
Disaster Grants			PA-05-4515-PW-00173	-	156,178
				<u>-</u>	<u>156,178</u>
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042			
EMPG COMPETITIVE/SALARY GRANT 1000.9538			EMC-2021-EP-00001-000058	-	32,795
				<u>-</u>	<u>32,795</u>
Homeland Security Grant Program	Indiana Department of Homeland Security	97.067			
SHSP COUNTY BASED COMPETITIVE PROJECT			EMW-2022-SS-0006467656	-	150,642
				<u>-</u>	<u>150,642</u>
Total - Department of Homeland Security				-	339,615
Total federal awards expended				<u>\$ 2,955,779</u>	<u>\$ 7,140,041</u>

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

BOONE 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.

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

Identification of Major Program and type of auditor's report issued on compliance for it:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
21.027	COVID-19 - State and Local Fiscal Recovery Funds	Qualified

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

Auditee qualified as low-risk auditee?	no
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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 2021-002.

Condition and Context

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

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The County failed to properly review the federal grant information prepared and submitted in Gateway. Although one employee prepared and entered the federal award information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

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

1. The Highway Planning and Construction Cluster expenditures were overstated by \$254,231.
2. The COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (ALN 21.027) passed through to subrecipients was understated by \$2,503,400.
3. The Child Support Enforcement (ALN 93.563) expenditures were understated by \$211,961.
4. Other misstatements, totaling \$881,161, were identified in various other grants.

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

Criteria

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

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

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](#)."

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.1 states in part:

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

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

2 CFR 200.508 states in part:

"The auditee must: . . .

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

2 CFR 200.510(b) states:

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

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (5) For loan or loan guarantee programs described in § 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414."

Cause

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

Effect

Without a proper system of internal controls in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2022-002

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

Federal Agency: Department of the Treasury

Federal Program: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

Assistance Listings Number: 21.027

Federal Award Number and Year (or Other Identifying Number): FY 2022

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

Audit Finding: Material Weakness

Condition and Context

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

Prior to receipt of SLFRF award funds, all eligible entities were required to execute a Financial Assistance Agreement, 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.

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

Pursuant to the Financial Assistance 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's process for vendor claims paid with SLFRF funds was that the claim be prepared by the department head overseeing the project, and then reviewed and approved, for allowable activities, allowable costs, and period of performance by the County Commissioners. For two of the four claims tested, the claims were not listed on the claims docket, nor was other supporting documentation provided to the County Commissioners, for their review and approval.

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

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

Without the proper implementation of an effectively designed system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the County.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the County design and implement a proper system of internal controls that would provide segregation of duties for the preparation of the claims for expenditures of the SLFRF awards and the review of these claims prior to payment. Additionally, policies and procedures should be implemented to ensure appropriate reviews, approvals, and oversight are taking place.

Views of Responsible Officials

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

FINDING 2022-003

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery
Funds - Procurement and 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

Prior to entering into subawards and covered transactions with SLFRF award funds, recipients are required to verify that such contractors and subrecipients are not suspended, debarred, or otherwise excluded. "Covered transactions" include, but are not limited to contracts for goods and services awarded under a non-procurement transaction (i.e., grant agreement) that are expected to equal or exceed \$25,000. The verification is to be done by checking the Excluded Parties List System (EPLS), collecting a certification from that person, or adding a clause or condition to the covered transaction with that person. Due to the U.S. Department of 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.

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 explained they were aware of the suspension and debarment requirements related to the SLFRF awards; however, did not retain documentation of SAMs.gov checks, nor was a clause always included in a contract. A population of seven covered transactions for goods or services, totaling \$4,887,195, that equaled or exceeded \$25,000 paid from SLFRF funds during the audit period was identified. A sample of three transactions, totaling \$582,000, was selected for testing. For each of the three transactions, the County did not verify the vendors' suspension and debarment status prior to payment. Due to the number and magnitude of exceptions identified, per auditor judgment, we concluded it would not be appropriate to expand the sample size or perform any additional audit procedures.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

31 CFR 19.300 states:

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

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

Cause

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

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material non-compliance. As a result, vendors to whom payments equal to or in excess of \$25,000 were not verified to be not suspended, debarred, or otherwise excluded.

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the County.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2022-004

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Reporting
Federal Agency: Department of the Treasury
Federal Program: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
Assistance Listings Number: 21.027
Federal Award Number and Year (or Other Identifying Number): FY 2022
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Modified Opinion

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. A single employee prepared and submitted reports without a review or oversight process in place to prevent or detect and correct errors.

Recipients are required to submit quarterly or annual 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 the 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 metropolitan county with a population below 250,000 residents that received an allocation of more than \$10 million in State and Local Fiscal Recovery Funds. As such, the initial P&E report, covering three calendar quarters from March 3, 2021 to December 31, 2021, was required to be submitted to the Treasury by January 31, 2022. The subsequent quarterly reports are to cover one calendar quarter and must be submitted to the Treasury by the last day of the month following the end of the period covered.

The County submitted three P&E reports during the audit period as no expenditures existed for the period of October 1, 2021 to December 31, 2021, and, therefore, the County did not submit a report for that period. For the three reports submitted, all activity for the reporting period was not included, information submitted was not supported by the County's records, and the reports were not fairly presented. Errors identified included the following:

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Quarter 1 report (January 1, 2022 to March 31, 2022)

1. Total Cumulative Obligations and Total Cumulative Expenditures were overstated by \$500,000.
2. Current Period Obligations and Current Period Expenditures were understated by \$1,850,000.

Quarter 2 report (April 1, 2022 to June 30, 2022)

1. Total Cumulative Obligations and Total Cumulative Expenditures were understated by \$144.
2. Current Period Obligations and Current Period Expenditures were overstated by \$1,849,856.

Quarter 3 report (July 1, 2022 to September 30, 2022)

1. Total Cumulative Obligations and Total Cumulative Expenditures were understated by \$316,080.
2. Current Period Obligations and Current Period Expenditures were overstated by \$2,159,064.

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

BOONE 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 detailed accounting of the uses of funds, . . ."

Cause

A proper system of internal controls over the P&E reports 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 SLFRF reporting requirements increases the likelihood that the public will not have access to transparent and accurate information regarding expenditures of federal awards.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the County design and implement a proper system of internal controls that would 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 2022-005

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Subrecipient Monitoring

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: Subrecipient Monitoring

Audit Findings: Material Weakness, Modified Opinion

Condition and Context

The County received a total State and Local Fiscal Recovery Funds (SLFRF) allocation of \$13,177,707. During the audit period, the County provided subawards of SLFRF funds to other entities. As a pass-through entity, the County must:

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

1. Identify the award and the applicable requirements to each subrecipient.
2. Evaluate each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the subaward.
3. Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purpose, complies with the terms and conditions of the subaward, and achieves performance goals.

Subawards, totaling \$2,503,400, were provided to four different entities. Three of the subrecipient agreements associated with the subawards were selected for testing. For the three agreements tested, the following information was incomplete or missing:

1. The subrecipients unique entity identifier.
2. The federal award identification number (FAIN).
3. The federal award date of award to the recipient by the federal agency.
4. The name of the federal awarding agency, pass-through entity (auditee), and contact information for awarding official of the pass-through entity (auditee).
5. The Assistance Listings Number and Title; the pass-through entity must identify the dollar amount made available under each federal award and the Assistance Listings Number at time of disbursement.

Furthermore, the County did not have an evaluation of the subrecipients' risk of noncompliance or monitoring activities demonstrating compliance with the subrecipient monitoring requirement.

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). . . ."

2 CFR 200.331(a) states:

"*Subrecipients.* A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. See definition for Subaward in § 200.1 of this part. Characteristics which support the classification of the non-Federal entity as a subrecipient include when the non-Federal entity:

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (1) Determines who is eligible to receive what Federal assistance;
- (2) Has its performance measured in relation to whether objectives of a Federal program were met;
- (3) Has responsibility for programmatic decision-making;
- (4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
- (5) In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity."

2 CFR 200.332 states in part:

"All pass-through entities must:

- (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward . . .

- (1) Federal award identification.
 - (i) Subrecipient name (which must match the name associated with its unique entity identifier);
 - (ii) Subrecipient's unique entity identifier;
 - (iii) Federal Award Identification Number (FAIN);
 - (iv) Federal Award Date (see the definition of *Federal award date* in § 200.1 of this part) of award to the recipient by the Federal agency;
 - (v) Subaward Period of Performance Start and End Date;
 - (vi) Subaward Budget Period Start and End Date;
 - (vii) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;
 - (viii) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation;
 - (ix) Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
 - (x) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
 - (xi) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (xii) Assistance Listings number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement;
 - (xiii) Identification of whether the award is R&D; and
 - (xiv) Indirect cost rate for the Federal award (including if the de minimis rate is charged) per § 200.414.
- (2) All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award;
- (3) Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports;
- (4)
- (i) An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government. If no approved rate exists, the pass-through entity must determine the appropriate rate in collaboration with the subrecipient, which is either:
 - (A) The negotiated indirect cost rate between the pass-through entity and the subrecipient; which can be based on a prior negotiated rate between a different PTE and the same subrecipient. If basing the rate on a previously negotiated rate, the pass-through entity is not required to collect information justifying this rate, but may elect to do so;
 - (B) The de minimis indirect cost rate.
 - (iii) The pass-through entity must not require use of a de minimis indirect cost rate if the subrecipient has a Federally approved rate. Subrecipients can elect to use the cost allocation method to account for indirect costs in accordance with § 200.405(d).
- (5) A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of this part; and
- (6) Appropriate terms and conditions concerning closeout of the subaward.
- (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 . . .
 - (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:

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (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 only to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521.
- (4) The pass-through entity is responsible for resolving audit findings specifically related to the subaward and not responsible for resolving crosscutting findings. . . ."

Cause

The system of internal controls as established by management of the County was not properly designed, nor implemented. 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. The County was responsible for providing a subaward agreement, with all required elements, and monitoring the non-profit. Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the County.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the County design and implement a proper system of internal controls and develop policies and procedures to ensure subrecipients are provided with an adequate subaward agreement and monitored as appropriate.

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.

**Office of the Auditor
Boone County
201 Courthouse Square
Lebanon, IN 46052**

**Debbie Morton-Crum
Auditor**

(765) 482-2940
Fax: (765) 483-4434

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-001

Fiscal year in which the finding initially occurred: 2013

Status of Audit Finding: Corrected

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-002

Fiscal year in which the finding initially occurred: 2012

Status of Audit Finding: Not Corrected

The County Auditor continues to work to identify the deficiencies in financial reporting related to the SEFA and is working on putting in place an effective internal control for gathering all Federal Grant information from each department. My office is working on becoming more knowledgeable in the way we need to report each grant and also updating each department in the changes we make as we learn.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-003

Fiscal year in which the finding initially occurred: 2021

Status of Audit Finding: Corrected

**Office of the Auditor
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CORRECTIVE ACTION PLAN

Finding 2022-001

Contact Person Responsible for Corrective Action: Debbie Morton-Crum, County Auditor
Contact Phone Number: 765-482-2940

View of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

We are working through our revised Internal Controls over the Federal award information gathered from other county departments. We are also going to add additional staff to oversee the grant information.

We have also learned through numerous reports from the Federal Treasury on how and what we need to be reporting for the American Rescue Plan grant.

Anticipated Completion Date: October 1, 2023

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CORRECTIVE ACTION PLAN

Finding 2022-002

Contact Person Responsible for Corrective Action: Debbie Morton-Crum, County Auditor
Contact Phone Number: 765-482-2940

View of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

We are working putting Internal Controls in place specific to grants like the Covid-19 Coronavirus State and Local Fiscal Recovery Funds grant. We will put a checklist together, including review and approval of disbursement by the governing body, that has to be met before the claim or the project can be processed.

Anticipated Completion Date: October 1, 2023

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CORRECTIVE ACTION PLAN

Finding 2022-003

Contact Person Responsible for Corrective Action: Debbie Morton-Crum, County Auditor
Contact Phone Number: 765-482-2940

View of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The process was not clear to the Auditor's Office or the departments submitting the claims for payment. We are more aware of the correct process and procedures that need to take place and will add those procedures to our Internal Control policy to ensure that the vendor is not suspended or debarred.

Anticipated Completion Date: October 1, 2023

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CORRECTIVE ACTION PLAN

Finding 2022-004

Contact Person Responsible for Corrective Action: Debbie Morton-Crum, County Auditor
Contact Phone Number: 765-482-2940

View of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The American Rescue Plan was completely new in 2022 and the reporting was not documented correctly per the State and Federal guidelines. We have since received some instruction on the proper filing procedures and will put those guidelines into our Internal Control Policy.

Anticipated Completion Date: October 1, 2023

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CORRECTIVE ACTION PLAN

Finding 2022-005

Contact Person Responsible for Corrective Action: Debbie Morton-Crum, County Auditor
Contact Phone Number: 765-482-2940

View of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The County Commissioners are responsible for the American Rescue Plan project list along with that responsibility is to have a sub-recipient agreement in place with those outside entities that received American Rescue Plan grant monies from the County. An Internal Control is now in place that requires a sub-recipient agreement in place before a warrant can be paid to those outside entities. We will put procedures in place to ensure that money disbursed to sub-recipient is monitored.

Anticipated Completion Date: October 1, 2023

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/>.