

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

VIGO COUNTY, INDIANA

January 1, 2022 to December 31, 2022



FILED

09/29/2023

*Reissued on August 9, 2024,
to correct the opinion placed
on the Child Support
Enforcement program and
related federal finding.*

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	James W. Bramble	01-01-22 to 12-31-23
County Treasurer	Josie Swalls Thompson	01-01-22 to 12-31-23
Clerk of the Circuit Court	Bradley M. Newman	01-01-22 to 12-31-23
County Sheriff	John A. Plasse	01-01-22 to 12-31-23
County Recorder	Diana Winstead-Smith	01-01-22 to 12-31-23
County Assessor	Kevin Gardner	01-01-22 to 12-31-23
County Surveyor	Bruce W. Allen, Jr.	01-01-22 to 12-31-23
County Prosecutor	Terry R. Modesitt	01-01-22 to 12-31-23
County Coroner	Janie Myers	01-01-22 to 12-31-23
President of the Board of County Commissioners	Chris Switzer Mike Morris	01-01-22 to 12-31-22 01-01-23 to 12-31-23
President of the County Council	Aaron D. Loudermilk R. Todd Thacker	01-01-22 to 12-31-22 01-01-23 to 12-31-23



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

TO: THE OFFICIALS OF VIGO 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 statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Vigo County (County), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 29, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, 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 statements, 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 statements 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
STATEMENTS 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 statements are 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.

Vigo 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 statements, 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

September 29, 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 VIGO COUNTY, INDIANA

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Vigo 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.

The County's basic financial statements include the operations of the Vigo County Solid Waste Management District, the Vigo County Public Library, the Honey Creek Fire Protection District, the Lost Creek Fire Protection District, the New Goshen Fire Protection District, the Prairieton Fire Protection District, the Riley Fire Protection District, and the Sugar Creek Fire Protection District, which are component units of the County. Expenditures of federal awards for these component units, if any, are not included in the County's Schedule of Expenditures of Federal Awards during the year ended December 31, 2022. Our compliance audit, described in the *Opinion on the Major Federal Program* section, did not include the operations of the Vigo County Solid Waste Management District, the Vigo County Public Library, the Honey Creek Fire Protection District, the Lost Creek Fire Protection District, the New Goshen Fire Protection District, the Prairieton Fire Protection District, the Riley Fire Protection District, and the Sugar Creek Fire Protection District as component units are legally separate entities of the County and are subject to separate audits, as applicable in accordance with Indiana state statutes, or regulations such as 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), if applicable.

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 major federal program for the year ended December 31, 2022.

Basis for Opinion on the Major Federal Program

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 the 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.

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)

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.

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 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)

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 2022-002. Our opinion on the 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.

This report is replacing the previously issued report dated September 29, 2023. The date of this report was updated to the date in which sufficient appropriate audit evidence was obtained to opine on the major program identified in the accompanying Schedule of Findings and Questioned Costs. The opinion on the major program, which was previously qualified due to noncompliance communicated in Finding 2022-002, was revised to unmodified as a result of the additional audit evidence obtained. Consequently, a portion of Finding 2022-002 was eliminated from the finding. No changes were made to the Schedule of Expenditures of Federal Awards, and our opinion did not change.

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 item 2022-002, 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.

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)

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.

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated September 29, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 basic financial statements. 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 statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, 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 basic financial statements as a whole.



Beth Kelley, CPA, CFE
Deputy State Examiner

September 29, 2023, except for the
Child Support Enforcement program,
for which the date is July 2, 2024

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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VIGO 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 Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
Non-Reverting Lunch 8322.09900			FY2022	\$ -	\$ 17,023
National School Lunch Program	Indiana Department of Education	10.555			
Non-Reverting Lunch 8322.09900			FY2022	-	37,256
Total - Child Nutrition Cluster				-	54,279
Total - Department of Agriculture				-	54,279
<u>Department of Justice</u>					
COVID-19 Coronavirus Emergency Supplemental Funding Program	Indiana Department of Justice	16.034			
Coronavirus Emergency Supplement 8312.09953			2020-VD-BX-1061	-	41,444
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575			
VOCA - Victim of Crime 8103.09953 YR#2 1.1.2022-9.30.2022			2019-V2-GX-0014	-	29,803
2020 VOCA VC Staff CASA 8112.09850 YR#2 1.1.2022-9.30.2022			2018-V2-GX-0031	-	146,961
Total - Crime Victim Assistance				-	176,764
Public Safety Partnership and Community Policing Grants	Indiana Criminal Justice Institute	16.710			
COPS Hiring Program 8320			2020UMWX0346	-	88,553
Total - Department of Justice				-	306,761
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Transportation Improvement Program DES 1700439 Bridge 77			DES 1700439	-	34,216
Transportation Improvement Program DES 1700440 #330/B			DES 1700440	-	2,198
Total - Highway Planning and Construction				-	36,414
Recreational Trails Program	Indiana Department of Natural Resources	20.219			
Recreational Trails Program 8440.09953			RT-18-007	-	2,950
Total - Highway Planning and Construction Cluster				-	39,364

VIGO 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
Highway Safety Cluster					
State and Community Highway Safety	Indiana Criminal Justice Institute	20.600			
FY2022 Operation Pull Over Enforcement Grant THPD 8315.09953			Chirp-2022-00078	18,317	18,317
FY2022 Operation Pull Over Enforcement Grant WTHPD 8315.09953			Chirp-2022-00078	11,145	11,145
FY2022 Operation Pull Over Enforcement Grant VCSD 1000.02200			Chirp-2022-00078	-	7,269
FY2022 Operation Pull Over Enforcement Grant Seelyville 8315.09953			Chirp-2022-0078	2,602	2,602
Total - State and Community Highway Safety				32,064	39,333
Total - Highway Safety Cluster					
				32,064	39,333
Minimum Penalties for Repeat Offenders for Driving While Intoxicated					
FY 2021 DUI & DUID Taskforce Grant VCSC 1000.02200	Indiana Criminal Justice Institute	20.608			
FY2022 DUI & DUID Taskforce Grant WTH 8315.09953			Chirp-2022-00078	-	1,725
FY 2022 DUI & DUID Taskforce Grant THPD 8315.09553			Chirp-2022-00078	7,414	7,414
FY2022 DUI & DUID Taskforce Grant Seelyville 8315.09953			Chirp-2022-00078	3,207	3,207
			CHIRP-2022-00078	195	195
Total - Minimum Penalties for Repeat Offenders for Driving While Intoxicated				10,816	12,541
Total - Department of Transportation					
				42,880	91,238
Department of the Treasury					
COVID-19 - Coronavirus Relief Fund	Indiana Department of Health	21.019			
Health Cares Act Coronavirus 8901.09953			FY22	-	81,388
Total - Department of the Treasury				-	81,388
Department of Health and Human Services					
Substance Abuse and Mental Health Services Projects of Regional and National Significance	Indiana Supreme Court	93.243			
93.243 Veterans Grant SAMHSA 8235 YR #4 (9.30.21-9.29.22)			1H79TI081161-04	-	53,724
93.243 Drug Court SAMHSA Grant 8230 YR #4 (9/30/21-9/29/22)			1H79TI081171-04	-	175,671
93.243 Drug Court SAMHSA Grant 8230 YR #5 (9.30.22-12.31.22)			1H79TI081171-05	-	18,064
93.243 Veterans Grant SAMHSA 8235 YR #5 (9/30/22-12/31/22)			1H79TI081161-05	-	4,008
Total - Substance Abuse and Mental Health Services Projects of Regional and National Significance				-	251,467
Immunization Cooperative Agreements					
Health Awareness 8902	Indiana Department of Health	93.268			
93.268 Health Immunization Grant 8119.09953 YR #1 (1/1/22-6/30/22)			6NH23IP922631-02-03	-	174,909
93.268 Health Immunization Grant 8109.09953 YR #2 (7.1./22-12.31.22)			5NH23IP922631-02-00	-	30,695
			5NH23IP922631-03-00	-	14,315
Total - Immunization Cooperative Agreements				-	219,919

VIGO 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			
Title IV-D Child Support Reimb (Regular) 1000.03102			FY2022	-	785,766
Child Support (Indirect Costs)1000.02714			FY2022	-	54,069
County General Incentive/Superior Court IV-D/Child Support 8895			FY2022	-	12,891
New Clerk Incentive 8899			FY2022	-	69,893
Prosecutor Incentive 8897			FY2022	-	65,953
Clerk Perpetuation 1119.03102			FY2022	-	280
Infraction Deferral 2501.03102			FY2022	-	122
County Elected Officials Training 1217.03102			FY2022	-	216
Total - Child Support Enforcement				-	989,190
State Court Improvement Program	Indiana Supreme Court	93.586			
93.586 Court Improvement Grant Yr#2 10.1.2021-9.30.2022			Vigo-CIP-2021B	-	5,563
Foster Care Title IV-E	Indiana Public Defenders Council	93.658			
Public Defender IV-E 8117			#20220024	-	19,692
Elder Abuse Prevention Interventions Program	Indiana Family and Social Services Administration, Division of Aging	93.747			
93.747 Elder Abuse Prevention			#58927	-	11,280
Total - Department of Health and Human Services				-	1,497,111
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042			
EMA Performance Grants (Salaries) 1000.02708			EMC-2021-EP-00004	-	65,736
Homeland Security 8223			EMC-2021-EP-00013-S01	-	13,839
Total - Emergency Management Performance Grants				-	79,575
BRIC: Building Resilient Infrastructure and Communities	Indiana Department of Homeland Security	97.047			
Homeland Security 8223			EMC-2019-PC-0003	-	19,457
Total - Department of Homeland Security				-	99,032
Total federal awards expended				\$ 42,880	\$ 2,129,809

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

VIGO 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.

VIGO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:

Name of Opinion Unit	Opinion Issued
Governmental Activities	Unmodified
Aggregate discretely presented component units	Unmodified
Each Major Fund	Unmodified
Aggregate remaining fund information	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statements 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
93.563	Child Support Enforcement	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: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

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

VIGO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

All financial activity of the County was provided to a third-party compiler. The compiler, utilizing the data provided, prepared the County's financial statements. Once the financial statements were prepared, the compiler provided the statements back to the County for review. The County's management reviewed the financial statements for accuracy and completeness; however, the system of internal controls over the review of the statements as established was not operating effectively to ensure errors were detected and corrected prior to being presented for audit.

Due to the lack of an effectively implemented system of internal controls, the financial statements presented for audit included the following material errors:

1. The Custodial Funds total Taxes Receivable and total Deferred Inflows were each overstated by \$239,533,928. In addition, the total Accounts Payable and total Deductions were each understated by \$14,620,549.
2. The financial statements originally presented for audit included the Terre Haute Convention Center as a Discretely Presented Component Unit (DPCU). Upon further inquiry of County officials, this was determined to be incorrect as the Terre Haute Convention Center is a department of the Capital Improvement Board (CIB), which is presented as a blended component unit for the County. As such, the activity for the Terre Haute Convention Center should have been included within the CIB and presented as a Nonmajor Special Revenue Fund.

Adjustments were proposed, accepted by the County, and made to the financial statements and are materially correct as presented.

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. . . ."

"The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

VIGO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded. . . ."

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 context prescribed by the state examiner and filed electronically in the manner prescribed under [IC-5-14-3.8-7](#)."

Cause

The system of internal controls over the review of the County's financial statements developed by management of the County was not properly implemented, nor was it operating effectively to ensure the County's financial statements were materially correct, which would include appropriate segregation of duties over financial transactions and reporting. A properly designed and implemented system of internal controls consists of policies and procedures that provide reasonable assurance that the mission and objectives of the organization will be achieved. Policies consist of statements and procedures consist of the actions that implement the polices.

Effect

Without a proper system of internal controls in place that operated effectively, material misstatements in the County's financial statements remained undetected. The financial statement included 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: Child Support Enforcement - Allowable Costs/Cost Principles
Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
Assistance Listings Number: 93.563
Federal Award Number and Year (or Other Identifying Number): FY2022
Pass-Through Entity: Indiana Department of Child Services
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Noncompliance

VIGO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

Indirect costs are expenses that are incurred by other County offices, which indirectly benefit the County Title IV-D offices. Indirect expenses are allocated to the County Title IV-D offices through an indirect Cost Allocation Plan (CAP) which is submitted to the Department of Child Services' Child Support Bureau. Indirect costs charged are based on two-year prior expenditures; therefore, indirect costs charged in 2022 were based on expenditures from 2020.

A sample of 25 expenditures, totaling \$27,077, from the department cost pools from the CAP were selected for testing. For 1 of the 25 expenditures examined, the County was unable to provide the contract; therefore, we were unable to verify if the correct rate for the contract payment was charged. For an additional 2 contracts requested, the contract could not be provided at the initial time of request. The contracts were provided nine months later at which time we verified the contract payment charged.

In addition, the County did not have written procedures for determining the allowability of costs in accordance with Subpart E of 2 CFR 200.

The lack of effective 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 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items . . .
- (g) Be adequately documented. . . ."

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:
. . .

- (7) Written procedures for determining the allowability of costs in accordance with subpart E of this part and the terms and conditions of the Federal award."

VIGO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

A proper system of internal controls over child support enforcement expenditures 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, expenses within the cost application plan could not be verified as accurate.

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 that costs included within the cost allocation plan have adequate supporting documentation to support the amount paid.

Views of Responsible Officials

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

Auditor's Response

Sufficient, appropriate audit evidence in regard to supplement not supplant was determined to not have been obtained at the initial time of audit. As such, additional audit procedures were performed after the report date of September 29, 2023. The missing contracts were a part of the original report which was discussed and communicated to management on September 29, 2023. Contracts were not provided in September, nor was there a disagreement with this portion of the finding in the original corrective action plan provided by management. Documentation provided in June 2024 was unsolicited but was reviewed, and the issue noted in the finding was updated accordingly. While we agree two of the three contracts could be reviewed and verified once provided in June 2024, the third contract is still in question as noted in the finding.

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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.



Vigo County Auditor
VIGO COUNTY ANNEX
131 OAK STREET
TERRE HAUTE, INDIANA 47807
(812) 462-3361 FAX: (812) 231-0091

September 25, 2023

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-001

Fiscal year in which the finding initially occurred: 2021

Status of Audit Finding: The Corrective Action was taken.

FINDING 2021-002

Fiscal year in which the finding initially occurred: 2021

Status of Audit Finding: This finding was partially corrected. The 2021 finding identified five errors in which controls were not effective in detecting. The 2022 finding identified two errors that were undetected by controls in place. One of the errors cited was related to custodial fund entries, which is similar to an error cited in the 2021 audit. Although control procedures were increased in 2022, an error in taxes receivable did go undetected, and liabilities needed adjusted for proper GASB 84 implementation. The second error cited in 2022 was related to proper inclusion of the Terre Haute Convention Center. The County's consultant provided a financial statement draft to the auditors that had not went through the County Auditor's final review and approval, which resulted in the error. During the 2023 compilation, the County, along with their consultant, will increase review procedures when processing taxes receivable and the custodial fund entries related to that area. Additionally, the County's consultant will complete analytical review procedures on the County's financial statements, reviewing and analyzing large fluctuations in amounts reported, as an additional review procedure on all balances reported on the year-end financial statements. Lastly, the County Auditor will review and approve the final financial statements prior to providing the statements for audit.



Vigo County Auditor
VIGO COUNTY ANNEX
131 OAK STREET
TERRE HAUTE, INDIANA 47807
(812) 462-3361 FAX: (812) 231-0091

September 25, 2023

CORRECTIVE ACTION PLAN

FINDING 2022-001

Finding Subject: Financial Transactions and Reporting

Summary of Finding:

The County had not designed or implemented an effective system of internal controls to ensure that all financial transactions were properly reported in the financial statements, which resulted in material errors identified during the audit that required adjustment.

Contact Person Responsible for Corrective Action: James Bramble

Contact Phone Number and Email Address: 812-462-3361; James.Bramble@vigocounty.in.gov

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan:

During the 2022 compilation, the County, along with their consultant, will increase review procedures when processing taxes receivable and the custodial fund entries related to that area. Additionally, the County's consultant will complete analytical review procedures on the County's financial statements, reviewing and analyzing large fluctuations in amounts reported, as an additional review procedure on all balances reported on the year-end financial statements. Lastly, the County Auditor will review and approve the final financial statements prior to providing the statements for audit.

Anticipated Completion Date: May 31, 2024



Vigo County Auditor

VIGO COUNTY ANNEX
131 OAK STREET
TERRE HAUTE, INDIANA 47807
(812) 462-3361

July 1, 2024

CORRECTIVE ACTION PLAN

FINDING 2022-002

Finding Subject: Allowable Costs/Cost Principles

Summary of Finding:

Indirect costs are expenses that are incurred by other County offices, which indirectly benefit the County Title IV-D offices. Indirect expenses are allocated to the County Title IV-D offices through an indirect Cost Allocation Plan (CAP) which is submitted to the Department of Child Services' Child Support Bureau. Indirect costs charged are based on two-year prior expenditures; therefore, indirect costs charged in 2022 were based on expenditures from 2020.

A sample of 25 expenditures, totaling \$27,077, from the department cost pools from the CAP were selected for testing. For 1 of the 25 expenditures examined, the County was unable to provide the contract; therefore, we were unable to verify if the correct rate for the contract payment was charged. For an additional 2 contracts requested, the contract could not be provided at the initial time of request. The contracts were provided nine months later at which time we verified the contract payment charged.

In addition, the County did not have written procedures for determining the allow ability of costs in accordance with Subpart E of 2CFR200.

Contact Person Responsible for Corrective Action: James W. Bramble

Contact Phone Number and Email Address: 812-462-3361 james.bramble@vigocounty.in.gov

Views of Responsible Officials: We disagree with the finding

Explanation and Reasons for Disagreement:

Of the three contracts that were found to be non-compliant, one contract was a 2014 contract with a one year termination that provided for courthouse cleaning services. After the termination date of contract the agreement was verbally continued by the County Commissioners. The examiners were provided copies of that contract and signed copies of the other two contracts that were in effect during the audit period.

The County Auditor was provided information by the examiners on the specific contracts in question on June 4, 2024 and copies of the contracts were provided on June 7, 2024. That is three days later, not nine months as alleged in the finding.

Description of Corrective Action Plan:

The County currently has a signed contract with a different contractor for courthouse cleaning services than the one in 2014. The current contract has a provision that it is to be continued until terminated by either party.

Contracts will be reviewed to ensure the contract amounts are current.

The County will develop an allowable cost policy.

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Corrective Action Plan, Vigo County

Anticipated Completion Date:

January 31, 2025

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/>.